



Dave Yost • Auditor of State

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Crestview Local School District
Van Wert County
531 E. Tully Street
Convoy, Ohio 45832

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the accounting basis Note 1 describes.

As described in Note 3, during 2011, the District adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net asset, changes in net assets, and governmental activities. The Schedule of Federal Awards Receipts and Expenditures (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, Auditors of States, Local Governments, and Non-Profit Organizations. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However, these tables and the Schedule are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

January 19, 2012

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of the Crestview Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets decreased \$4,342,347 in fiscal year 2011.
- General revenues accounted for \$7,498,176, or 72 percent of all revenues in fiscal year 2011. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$2,864,687 or 28 percent of total revenues of \$10,362,863 in fiscal year 2011.
- The District's major funds included the General Fund, Local Share Fund, and Ohio School Facilities Commission Fund (OSFC).
- In fiscal year 2011, the General Fund had \$8,276,817 in receipts and other financing sources and \$8,038,604 in disbursements and other financing uses. The fiscal year 2011 the General Fund's balance increased \$238,213 from the prior fiscal year.
- In fiscal year 2011, the Local Share Fund had \$5,156 in revenues and \$935,508 in disbursements and other financing uses. The Local Share Fund's balance decreased \$930,352 from the prior fiscal year.
- In fiscal year 2011, the OSFC Fund had \$173,958 in receipts and \$3,590,984 in disbursements and other financing uses. The OSFC Fund's balance decreased \$3,417,026 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund. The General Fund, Local Share Fund, and OSFC Fund are the District's major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2011. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the District discloses a single type of activity - governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major funds are the General Fund, Local Share Fund, and OSFC Fund.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal years 2011 and 2010. The decrease in the District's current assets was attributed to the increase in OSFC capital outlay expenditures.

**Table 1
Net Assets - Cash Basis
Governmental Activities**

	<u>2011</u>	<u>2010</u>
Assets:		
Current and Other Assets	\$5,107,623	\$9,449,970
Total Assets	<u>5,107,623</u>	<u>9,449,970</u>
Net Assets:		
Restricted	3,213,002	7,691,483
Unrestricted	1,894,621	1,758,487
Total	<u>\$5,107,623</u>	<u>\$9,449,970</u>

Table 2 reflects the changes in net assets for fiscal years 2011 and 2010. The decrease in revenues and expenditures was due to the OSFC project.

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities**

	<u>2011</u>	<u>2010</u>
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$1,162,352	\$1,135,013
Operating Grants and Contributions	1,536,708	965,317
Capital Grants and Contributions	165,627	3,575,161
Total Program Revenues	<u>2,864,687</u>	<u>5,675,491</u>
General Revenues:		
Property Taxes	2,179,234	2,182,211
Income Taxes	861,104	840,356
Grants and Entitlements	4,154,096	4,691,479
Investment Earnings	28,127	109,076
Payments in Lieu of Taxes	221,320	112,045
Gifts and Donations	42,201	20,555
Miscellaneous	865	1,967
Sale of Capital Assets	4,689	6,175
Refund of Prior Year Expenditures	6,540	1,998
Total General Revenues	<u>7,498,176</u>	<u>7,965,862</u>
Total Revenues	<u>10,362,863</u>	<u>13,641,353</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities
(Continued)**

	2011	2010
Expenses:		
Instruction	5,734,041	5,397,067
Support Services:		
Pupils	314,173	495,693
Instructional Staff	223,235	212,780
Board of Education	31,780	30,346
Administration	793,188	668,349
Fiscal	260,324	225,954
Operation and Maintenance of Plant	684,944	596,632
Pupil Transportation	336,549	425,905
Central	198,648	200,028
Non-Instructional	466,744	468,241
Extracurricular Activities	470,465	430,180
Capital Outlay	4,580,647	7,065,637
Debt Service		
Principal	146,645	152,388
Interest and Fiscal Charges	463,536	461,243
Refund of Prior Year Receipts	291	
Total Expenses	14,705,210	16,830,443
Increase/(Decrease) in Net Assets	(\$4,342,347)	(\$3,189,090)

Program receipts account for 28 percent of total receipts in fiscal year 2011 and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

For fiscal year 2011 the major program disbursements for governmental activities are for instruction, which accounts for 39 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 6 percent of governmental disbursements in fiscal year 2011. Maintenance of the District's facilities also represents a significant disbursement of 5 percent. Principal and interest payments represent a significant disbursement of 4 percent. The remaining 46 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Governmental Activities

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

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
Instruction	\$ 5,734,041	\$ 3,987,017	\$ 5,397,067	\$ 3,970,070
Support Services:				
Pupils	314,173	181,446	495,693	476,866
Instructional Staff	223,235	222,736	212,780	210,325
Board of Education	31,780	31,780	30,346	30,346
Administration	793,188	677,867	668,349	668,349
Fiscal	260,324	260,324	225,954	225,954
Operation and Maintenance of Plant	684,944	638,831	596,632	584,429
Pupil Transportation	336,549	336,549	425,905	425,905
Central	198,648	198,648	200,028	200,028
Non-Instructional	466,744	33,670	468,241	26,214
Extracurricular Activities	470,465	246,163	430,180	232,359
Capital Outlay	4,580,647	4,415,020	7,065,637	3,490,476
Debt Service				
Principal	146,645	146,645	152,388	152,388
Interest and Fiscal Charges	463,536	463,536	461,243	461,243
Refund of Prior Receipts	291	291		
Total Expenses	\$14,705,210	\$11,840,523	\$16,830,443	\$11,154,952

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 70 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 81 percent. The remaining 19 percent are derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major government funds are the General Fund, Local Share Fund, and OSFC Fund. Total governmental funds had receipts of \$10,362,863 and disbursements of \$14,705,210. The net negative change of \$4,342,347 in fund balance for the year indicates that the District had some difficulty in meeting current costs.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2011, the District amended its General Fund budget as needed. Final expenditures were budgeted at \$8,259,361 while actual expenditures were \$8,039,957.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Debt Administration

At June 30, 2011, the District had \$4,930,000 in Ohio School Facilities Commission serial and term bonds and \$139,998 in capital appreciation bonds. The bonds mature in fiscal years 2009 through 2036. There were also capital appreciation bonds in the amount of \$13,607 from the 1993 advanced refunding of the 1988 bond issue. The bonds are retired from the Bond Retirement Debt Service Fund.

For further information regarding the District's debt, see the note 12 to the basic financial statements.

Current Issues

The District's residents renewed an existing 5 mill operating levy on November 2, 2010 and renewed a 1 percent income tax levy on February 3, 2009, commencing January 1, 2010. The District's residents passed a \$5,330,000 bond issue in November 2007 (approximately 4.6 mills) for a renovation project with the Ohio School Facilities Commission for a total of \$14,000,000.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Laura Metzger, Treasurer, Crestview Local School District, 531 E. Tully St., Convoy, OH 45832.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2011**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,107,623</u>
Total Assets	<u>5,107,623</u>
Net Assets:	
Restricted for:	
Debt Service	340,445
Capital Outlay	2,210,446
Other Purposes	662,111
Unrestricted	<u>1,894,621</u>
Total Net Assets	<u><u>\$5,107,623</u></u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
				Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$3,738,881	\$604,292	\$368,684	(\$2,765,905)
Special	958,015		688,554	(269,461)
Vocational	127,600		35,412	(92,188)
Student Intervention Services	527,937		2,997	(524,940)
Other	381,608		47,085	(334,523)
Support Services:				
Pupils	314,173	13,908	118,819	(181,446)
Instructional Staff	223,235		499	(222,736)
Board of Education	31,780			(31,780)
Administration	793,188		115,321	(677,867)
Fiscal	260,324			(260,324)
Operation and Maintenance of Plant	684,944	15,086	31,027	(638,831)
Pupil Transportation	336,549			(336,549)
Central	198,648			(198,648)
Operation of Non-Instructional Services	466,744	304,764	128,310	(33,670)
Extracurricular Activities	470,465	224,302		(246,163)
Capital Outlay	4,580,647			\$165,627 (4,415,020)
Debt Service:				
Principal	146,645			(146,645)
Interest and Fiscal Charges	463,536			(463,536)
Refund of Prior Year Receipts	291			(291)
Totals	\$14,705,210	\$1,162,352	\$1,536,708	\$165,627 (11,840,523)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	1,742,087
Property Taxes, Levied for Capital Outlay	122,926
Property Taxes, Levied for Debt Service	283,457
Property Taxes, Levied for School Facilities	30,764
Payments in Lieu of Taxes	221,320
Income Taxes	861,104
Grants and Entitlements not Restricted to Specific Programs	4,154,096
Gifts and Donations	42,201
Investment Earnings	28,127
Miscellaneous	865
Refund of Prior Year Expenditures	6,540
Proceeds from Sale of Capital Assets	4,689
Total General Revenues	7,498,176
Change in Net Assets	(4,342,347)
Net Assets Beginning of Year	9,449,970
Net Assets End of Year	\$5,107,623

See Accompanying Notes to the Basic Financial Statements.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>Local Share Fund</u>	<u>OSFC FUND</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$2,232,100	\$664,435	\$1,122,759	\$1,039,899	\$5,059,193
Restricted Cash and Cash Equivalents	48,430				48,430
Total Assets	<u>2,280,530</u>	<u>664,435</u>	<u>1,122,759</u>	<u>1,039,899</u>	<u>5,107,623</u>
Fund Balances:					
Restricted	48,631	664,435	1,122,759	1,039,899	2,875,724
Committed	370,049				370,049
Assigned	15,337				15,337
Unassigned	1,846,513				1,846,513
Total Fund Balances	<u>\$2,280,530</u>	<u>\$664,435</u>	<u>\$1,122,759</u>	<u>\$1,039,899</u>	<u>\$5,107,623</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Local Share Fund</u>	<u>OSFC FUND</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property and Other Local Taxes	\$1,742,087			\$437,147	\$2,179,234
Income Tax	861,104				861,104
Intergovernmental	4,564,169		\$165,627	1,126,635	5,856,431
Interest	14,640	\$5,156	8,331		28,127
Tuition and Fees	593,090				593,090
Rent	10,968				10,968
Extracurricular Activities	102,515			205,560	308,075
Gifts and Donations	2,794			39,407	42,201
Sales/Charges for Services				250,219	250,219
Payments in Lieu of Taxes	221,320				221,320
Miscellaneous	865				865
Total Revenues	<u>8,113,552</u>	<u>5,156</u>	<u>173,958</u>	<u>2,058,968</u>	<u>10,351,634</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,351,870			387,011	3,738,881
Special	718,518			239,497	958,015
Vocational	127,600				127,600
Student Intervention Services	524,940			2,997	527,937
Other	334,523			47,085	381,608
Support Services:					
Pupils	181,702			132,471	314,173
Instructional Staff	222,140			1,095	223,235
Board of Education	31,780				31,780
Administration	677,867			115,321	793,188
Fiscal	245,846			14,478	260,324
Operation and Maintenance of Plant	603,248			81,696	684,944
Pupil Transportation	336,549				336,549
Central	198,648				198,648
Operation of Non-Instructional Services	67,264			399,480	466,744
Extracurricular Activities	228,623			241,842	470,465
Capital Outlay		935,358	3,590,984	54,305	4,580,647
Debt Service:					
Principal				146,645	146,645
Interest				463,536	463,536
Total Expenditures	<u>7,851,118</u>	<u>935,358</u>	<u>3,590,984</u>	<u>2,327,459</u>	<u>14,704,919</u>
Excess of Revenues Over (Under) Expenditures	<u>262,434</u>	<u>(930,202)</u>	<u>(3,417,026)</u>	<u>(268,491)</u>	<u>(4,353,285)</u>
Other Financing Sources and Uses:					
Transfers In	150,000			35,000	185,000
Advances In	2,195				2,195
Proceeds from Sale of Capital Assets	4,689				4,689
Refund of Prior Year Expenditures	6,381	(150)		309	6,540
Transfers Out	(185,000)				(185,000)
Advances Out	(2,195)				(2,195)
Other Financing Uses	(291)				(291)
Total Other Financing Sources and Uses	<u>(24,221)</u>	<u>(150)</u>		<u>35,309</u>	<u>10,938</u>
Net Change in Fund Balances	<u>238,213</u>	<u>(930,352)</u>	<u>(3,417,026)</u>	<u>(233,182)</u>	<u>(4,342,347)</u>
Fund Balance (Deficit) at Beginning of Year					
Restated - Note 3	2,042,317	1,594,787	4,539,785	1,273,081	9,449,970
Fund Balance (Deficit) at End of Year	<u>\$2,280,530</u>	<u>\$664,435</u>	<u>\$1,122,759</u>	<u>\$1,039,899</u>	<u>\$5,107,623</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property and Other Local Taxes	\$1,731,500	\$1,741,632	\$1,742,087	\$455
Income Tax	800,000	860,000	861,104	1,104
Intergovernmental	4,603,000	4,588,600	4,564,169	(24,431)
Interest	50,000	13,000	14,640	1,640
Tuition and Fees	555,500	592,814	593,090	276
Rent	1,000	10,500	10,968	468
Extracurricular Activities	93,500	102,523	102,515	(8)
Gifts and Donations	2,000	2,794	2,794	
Payments in Lieu of Taxes	110,000	221,320	221,320	
Miscellaneous	500	865	865	
Total Revenues	<u>7,947,000</u>	<u>8,134,048</u>	<u>8,113,552</u>	<u>(20,496)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,749,500	3,802,423	3,351,945	450,478
Special	549,940	511,940	718,518	(206,578)
Vocational	191,902	191,902	127,600	64,302
Student Intervention Services	499,000	625,200	525,396	99,804
Other	25,000	37,000	334,523	(297,523)
Support Services:				
Pupils	354,869	314,869	182,381	132,488
Instructional Staff	202,659	202,759	222,140	(19,381)
Board of Education	33,850	30,500	31,780	(1,280)
Administration	678,447	770,947	678,010	92,937
Fiscal	213,031	234,362	245,846	(11,484)
Operation and Maintenance of Plant	583,045	603,445	603,248	197
Pupil Transportation	325,670	334,170	336,549	(2,379)
Central	156,250	144,450	198,648	(54,198)
Operation of Non-Instructional Services	61,000	67,664	67,264	400
Extracurricular Activities	454,975	200,244	228,623	(28,379)
Total Expenditures	<u>8,079,138</u>	<u>8,071,875</u>	<u>7,852,471</u>	<u>219,404</u>
Excess of Revenues Over (Under) Expenditures	<u>(132,138)</u>	<u>62,173</u>	<u>261,081</u>	<u>198,908</u>
Other Financing Sources and Uses:				
Transfers In		150,000	150,000	
Advances In		2,195	2,195	
Proceeds from Sale of Capital Assets	2,000	4,000	4,689	689
Refund of Prior Year Expenditures		6,294	6,381	87
Transfers Out		(185,000)	(185,000)	
Advances Out	(2,195)	(2,195)	(2,195)	
Refund of Prior Year Receipts		(291)	(291)	
Total Other Financing Sources and Uses	<u>(195)</u>	<u>(24,997)</u>	<u>(24,221)</u>	<u>776</u>
Net Change in Fund Balances	<u>(132,333)</u>	<u>37,176</u>	<u>236,860</u>	<u>199,684</u>
Fund Balance (Deficit) at Beginning of Year	2,041,467	2,041,467	2,041,467	
Prior Year Encumbrances Appropriated	850	850	850	
Fund Balance (Deficit) at End of Year	<u>\$1,909,984</u>	<u>\$2,079,493</u>	<u>\$2,279,177</u>	<u>\$199,684</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$3,845	\$25,449
Total Assets	<u>3,845</u>	<u>25,449</u>
Liabilities:		
Current Liabilities:		
Undistributed Monies		25,449
Total Liabilities		<u>25,449</u>
Net Assets:		
Held in Trust for Scholarships	3,845	
Total Net Assets	<u>\$3,845</u>	<u>\$0</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Private Purpose Trust</u>
Additions:	
Gifts/Donations	\$2,500
Total Additions	<u>2,500</u>
Deductions:	
Payments in Accordance with Trust Agreements	2,500
Total Deductions	<u>2,500</u>
 Change in Net Assets	
Net Assets Beginning of Year	<u>3,845</u>
Net Assets End of Year	<u><u>\$3,845</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Crestview Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is located in a prosperous community within Van Wert County, consisting of residences and significant office and retail commercial development. The District is staffed by 42 non-certificated employees and 77 certificated employees who provide services to 918 students and other community members.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. 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. The District does not have any component units.

The District is associated with three organizations, which are defined as jointly governed organizations, and insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, and the Van Wert Area School Insurance Group. These organizations are presented in Notes 14 and 15 of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A and 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Basis of Presentation

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

1. Government-Wide Financial Statements

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

The statement of net assets presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

2. Fund Financial Statements

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

C. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds:

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major funds are the General Fund, the Local Share Fund, and the Ohio School Facilities Commission (OSFC) Fund.

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

Local Share Fund – The Local Share Fund is used to account for the revenues and expenditures related to the local share of expenditures for the new construction.

Ohio School Facilities Commission (OSFC) Fund – The OSFC Fund is used to account for revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund, object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the object level within the General Fund, and at the function and object level within all other funds are made by the District Treasurer.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2011, the District's investments included only nonnegotiable certificates of deposit and Federal National Mortgage Association Bonds.

Following Ohio Statutes, the Board of Education has by resolution specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 was \$14,640 which included \$9,414 assigned to other District Funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets include revenues restricted for debt service, capital outlay and other purposes.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

I. Long-term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for post retirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net assets restricted for debt service, capital outlay, and other purposes which include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation at June 30, 2011.

L. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

M. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon use of the resources in governmental funds. The classifications are as follows:

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

N. Changes in Accounting Principles

For the year ended June 30, 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."*

GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as non spendable, restricted, committed, assigned, and/or unassigned. The statement also, requires certain funds to be included with the general fund.

3. RESTATEMENT OF FUND BALANCE AND COMPLIANCE

For fiscal year 2011, the District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."*

The restatement had the following effect on fund balances as of June 30, 2011:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2010	\$1,758,487	\$1,556,911
Reclassify Driver's Ed Fund	9,581	(9,581)
Reclassify Rotary Funds	688	(688)
Reclassify Principal Funds	2,964	(2,964)
Reclassify Retirement Benefits Fund	270,597	(270,597)
Restated Fund Balance, June 30, 2010	<u>\$2,042,317</u>	<u>\$1,273,081</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

3. RESTATEMENT OF FUND BALANCE AND COMPLIANCE (Continued)

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – (Budget Basis) presented for the General Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis).

The adjustments necessary to reconcile the cash and budget basis statements for the General Fund are as follows:

<u>Difference in Fund Balance</u>	
Cash Basis	\$2,280,530
Increase/Decrease Due To:	
Encumbrances Outstanding at Fiscal Year End	<u>(1,353)</u>
Budget Basis	<u><u>\$2,279,177</u></u>

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

A. Cash on Hand

As of June 30, 2011, the District had \$1,600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial risk beyond the requirements of State statute. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2011, the carrying amount of the District's deposits was \$4,835,200 and the bank balance was \$5,337,358. Of the bank balance, \$1,000,000 was covered by federal depository insurance (FDIC), \$1,085,374 was covered by Securities Investor Protection Corporation (SPIC) and \$3,251,984 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

C. Investments

As of June 30, 2011, the District had invested \$300,117 in Federal National Mortgage Association Bonds.

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

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M) (2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the Treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from custodian by the treasurer, governing board, or qualified trustee."

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

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

Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes. Tangible personal property taxes received in calendar year 2011 were levied after April 1, 2010, on the value as of December 31, 2010. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2011 is zero.

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Van Wert County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and other Real Estate	\$78,321,870	92.4%	\$78,851,870	91.7%
Public Utilities	6,391,910	7.5%	7,032,840	8.2%
General	86,430	0.1%	92,160	0.1%
Total Assessed Value	<u>\$84,800,210</u>	<u>100.0%</u>	<u>\$85,976,870</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$46.30		\$46.30	

7. INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax levy was effective on January 1, 2010, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

8. PAYMENT IN LIEU OF TAXES

According to State law, the District has entered into agreements with a number of property owners under which the District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2011 were \$221,320.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

9. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2011, the District carried property and general liability insurance and boiler and machinery insurance. Professional liability is protected with \$1,000,000 each occurrence, \$3,000,000 in annual aggregate limit. Vehicles are covered by Selective Insurance Company. Automobile liability has a \$1,000,000 combined single limit of liability. In addition, there is a \$3,000,000 excess liability policy, which provides additional liability coverage to both the general liability policy and the auto policy.

Settled claims have not exceeded this commercial coverage in any of the past three years.

The Treasurer's position bond, Superintendent's and Board Members' bonds are provided by Travelers Casualty and Surety Company.

B. Health Care Benefits

The District participates in the Van Wert Area School Insurance Group (VWASIG), a public entity shared risk pool consisting of five members (See Note 15). Each member pays premiums to VWASIG for employee medical, dental, and life insurance benefits to the employees of the participants. VWASIG is responsible for the payment of all the VWASIG liabilities to its employees, dependants, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of VWASIG, all members' claims would be paid without regard to the member's account balance.

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan. 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 Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the Plan.

10. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$501,248 and \$28,551 for the fiscal year ended June 30, 2011, \$485,606 and \$26,616 for the fiscal year ended June 30, 2010, and \$511,810 and \$0, for the fiscal year ended June 30, 2009. For fiscal year 2011, 83 percent has been contributed for the DBP and 83 percent has been contributed for the CP. The full amount has been contributed for fiscal years 2010 and 2009.

The contribution to STRS Ohio for the DCP for fiscal year 2011 was \$6,595 made by the District and \$4,711 made by the plan members. In addition, member contributions of \$20,393 were made for fiscal year 2011 for the defined contribution portion of the CP.

B. School Employees Retirement System

Plan Description – The District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$128,018, \$134,060, and \$92,220, respectively. For fiscal year 2011, 42 percent has been contributed. The full amount has been contributed for fiscal years 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2011, one of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

11. POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description - The District participates in a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$41,261, \$39,792, and \$39,693, respectively. For fiscal year 2011, 83 percent has been contributed. The full amount has been contributed for fiscal years 2010 and 2009.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

B. School Employees Retirement System

Plan Description - The District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, this amount was \$35,800. For fiscal year 2011, the District paid \$15,607 in surcharge.

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

The District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$15,501, \$4,825, and \$42,204, respectively. For fiscal year 2011, 42 percent has been contributed. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2011, this actuarially required allocation was .76 percent of covered payroll. The District's contribution for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$8,238, \$7,972, and \$7,609, respectively. For fiscal year 2011, 42 percent has been contributed. The full amount has been contributed for fiscal years 2010 and 2009.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. LONG TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2011 were as follows:

<u>General Long-Term Debt</u>	<u>Interest Rate</u>	<u>Balance at 6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/11</u>	<u>Due within One Year</u>
General Obligation Bonds						
1993 School Improvement						
Capital Appreciation	5.7 to 5.85%	\$ 45,252		\$ 31,645	\$ 13,607	\$ 5,371
Accretion		383,516	\$22,774	263,355	142,935	44,629
2008 School Improvement						
Term	4.0 to 4.25%	4,405,000			4,405,000	
Serial	3.0 to 3.625%	640,000		115,000	525,000	120,000
Capital Appreciation	3.75 to 4.01%					
Original Issue		139,998			139,998	
Accretion		38,960	3,028		41,988	
Premium on Capital Appreciation		176,339		6,081	170,258	
Total General Long-Term Debt		<u>\$5,829,065</u>	<u>\$25,802</u>	<u>\$416,081</u>	<u>\$5,438,786</u>	<u>\$170,000</u>

1993 General Obligation Bonds - On July 1, 1993, the District issued bonds to refund \$2,600,000 School Improvement Bonds Dated December 1, 1988 which were outstanding in the principal amounts of \$2,360,000 and \$665,000 in School Improvement Bonds dated October 1, 1991 which were outstanding in the principal amount of \$640,000. The bond issue included current interest bonds and capital appreciation bonds in the amount of \$2,790,000 and \$662,135, respectively. The current interest bonds were paid in full as of June 30, 2006. The remaining capital appreciation bonds will mature in fiscal years 2009 through 2014. The maturity amounts of the bonds are \$295,000 for fiscal year 2009, \$295,000 for fiscal year 2010, \$295,000 for fiscal year 2011, \$50,000 for fiscal year 2012, \$50,000 for fiscal year 2013, and \$50,000 for fiscal year 2014. The capital appreciation bonds bear an interest rate of 5.70 percent to 5.85 percent. Capital appreciation bonds are not subject to redemption prior to maturity.

School Facility Construction and Improvement Bonds, Series 2008 – On March 20, 2009, the District issued \$5,329,998 in voted general obligation bonds for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program, together with the land acquisition and other improvements to school facilities, equipment, site improvements, and all necessary appurtenances thereto. The bonds consist of \$785,000 in serial bonds, \$4,405,000 in term bonds and \$139,998 capital appreciation bonds. The capital appreciation bonds were sold at a premium of \$182,420. The bonds will be retired from the Bond Retirement Fund from a voted tax levy.

The Bonds are issuable as Bonds which pay interest semiannually (the "Current Interest Bonds") and as Bonds which do not pay interest currently but accrete in value in lieu thereof until their maturity date (the "Capital Appreciation Bonds"). The Bonds will be dated, mature, and bear interest or, in the case of the Capital Appreciation Bonds, accrete in value, all as more particularly described herein.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

A. The Current Interest Bonds

The Current Interest Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Annual principal, and any premium, on all Current Interest Bonds are payable upon presentation and surrender by the registered owner thereof at the principal office of the Registrar. Semiannual interest on the Current Interest Bonds is payable each June 1 and December 1, commencing December 1, 2008, by check or draft to be mailed by the Paying Agent and Registrar to the registered owner as shown in the registration records maintained by the Paying Agent and Registrar as bond registrar on the 15th day of the month preceding such interest payment date.

The Current Interest Bonds (Serial Bonds) shall bear interest at the respective rates per annum shall be as follows:

<u>Maturity Date (December 1)</u>	<u>Principal Amount Maturing</u>	<u>Interest Rate</u>
2011	\$120,000	3.250%
2012	130,000	3.500%
2013	135,000	3.500%
2014	140,000	3.625%

The Current Interest Bonds (Term Bonds) shall bear interest at the respective rates per annum shall be as follows:

<u>Maturity Date (December 1)</u>	<u>Principal Amount Maturing</u>	<u>Interest Rate</u>
2020	\$ 490,000	4.000%
2022	375,000	4.000%
2025	630,000	4.000%
2028	730,000	4.000%
2032	1,155,000	4.125%
2035	1,025,000	4.250%

B. The Capital Appreciation Bonds

The Capital Appreciation Bonds will be dated their date of issuance. The Capital Appreciation Bonds do not bear current interest, but will accrete in value from their date of issuance. The accreted value so accrued and compounded shall be the Compound Accreted Amount. Payment of the Compound Accreted Amount shall be made upon presentation and surrender thereof at the principal office of the Paying Agent and Registrar. The Compound Accreted Amount of the Capital Appreciation Bonds as of each Compound Date is set forth in the Accretion Table provided below.

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
2015	\$53,085	\$150,000
2016	46,385	150,000
2017	40,528	150,000

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

C. Mandatory Sinking Fund Redemption

The Current Interest Bonds due December 1, 2020 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2018, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2018	\$155,000
2019	165,000

Unless otherwise called for redemption, the remaining \$170,000 principal amount of the Bonds due December 1, 2020 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2021, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$185,000

Unless otherwise called for redemption, the remaining \$190,000 principal amount of the Bonds due December 1, 2022 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2025 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2023, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$200,000
2024	210,000

Unless otherwise called for redemption, the remaining \$220,000 principal amount of the Bonds due December 1, 2025 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2028 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2026, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$230,000
2027	245,000

Unless otherwise called for redemption, the remaining \$255,000 principal amount of the Bonds due December 1, 2028 is to be paid at stated maturity.

**CRESTVIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

The Current Interest Bonds due December 1, 2032 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2029, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2029	\$265,000
2030	285,000
2031	295,000

Unless otherwise called for redemption, the remaining \$310,000 principal amount of the Bonds due December 1, 2032 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2035 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2033, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2033	\$330,000
2034	340,000

Unless otherwise called for redemption, the remaining \$355,000 principal amount of the Bonds due December 1, 2035 is to be paid at stated maturity.

D. Optional Redemption

The Current Interest Bonds maturing on December 1, 2018 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2018 at par, which is 100% of the face value of the Current Interest Bonds. The Capital Appreciation Bonds are not subject to redemption prior to scheduled maturity.

The annual requirements to service the principal and interest of the serial and term bonds to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 120,000	\$196,506	\$316,506
2013	130,000	192,282	322,282
2014	135,000	187,644	322,644
2015	140,000	182,744	322,744
2016		180,206	180,206
2017 – 2021	490,000	872,232	1,362,232
2022 – 2026	1,005,000	706,131	1,711,131
2027 – 2031	1,280,000	478,556	1,758,556
2032 – 2036	1,630,000	178,797	1,808,797
Total	<u>\$4,930,000</u>	<u>\$3,175,098</u>	<u>\$8,105,098</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

The annual requirements to service the principal and interest of the 1993 issue of Capital Appreciation bonds to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 5,371	\$ 44,629	\$ 50,000
2013	4,758	45,242	50,000
2014	3,478	46,522	50,000
Total	<u>\$13,607</u>	<u>\$136,393</u>	<u>\$150,000</u>

The annual requirements to service the principal and interest of the 2008 issue of Capital Appreciation bonds to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 53,085	\$ 96,915	\$150,000
2017	46,385	103,615	150,000
2018	40,528	109,472	150,000
Total	<u>\$139,998</u>	<u>\$310,002</u>	<u>\$450,000</u>

At June 30, 2011, the District's overall legal debt margin was \$2,654,313, with an un-voted debt margin of \$85,977.

13. SET ASIDE DISCLOSURE

As stated in House Bill 412, revised in Senate Bill 345, school districts are required to maintain two reserves - one for capital acquisition and maintenance, and one for textbooks and other instructional materials. A reserve represents resources whose use is limited because of contractual or statutory restrictions. The following cash basis information describes the change in the year-end set-aside amounts. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2010	\$29,086	
Current Year Set-aside Requirement	135,250	\$135,250
Current Year Qualifying Expenditures	(115,705)	
Excess Qualifying Expenditures from Prior Years		
Current Year Offsets		(135,250)
Total	<u>\$48,631</u>	<u></u>
Balance Carried Forward to Fiscal Year 2012	<u>\$48,631</u>	<u></u>
Set Aside Reserve Balance June 30, 2011	<u>\$48,631</u>	<u>\$ 0</u>

Although the District had offsets and qualifying disbursements during the current and prior years that reduced the set-aside amounts to below zero, these extra amounts for textbooks only may be used to reduce the set-aside requirements of future years. The district issued bonds for the construction of a new facility related to the Ohio School Facilities Program. This amount may also be carried forward and used to reduce the set-aside amount for future years.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Mary's and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Raymond Burden, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Career Center

The Vantage Career Center is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority.

Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

15. INSURANCE POOLS

A. Van Wert Area School Insurance Group (VWASIG)

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, who serves as fiscal agent, 641 North Jefferson Street, Van Wert, Ohio 45891.

16. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

17. FUND BALANCE

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Local Share</u>	<u>OFSC</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:					
Textbooks and Capital Improvements	\$ 48,631				\$ 48,631
Regular Instruction				\$ 11,296	11,296
Special Instruction				(1,992)	(1,992)
Athletics				198,858	198,858
Food Service Operations				2,901	2,901
Facilities Maintenance				488,391	488,391
Debt Retirement				340,445	340,445
Building Construction		\$664,435	\$1,122,759		1,787,194
Total Restricted	<u>48,631</u>	<u>664,435</u>	<u>1,122,759</u>	<u>1,039,899</u>	<u>2,875,724</u>
Committed for:					
Retirement Obligations	<u>370,049</u>				<u>370,049</u>
Total Committed	<u>370,049</u>				<u>370,049</u>
Assigned for:					
Educational Activities	13,985				13,985
Permanent Improvement					
Unpaid Obligations (encumbrance)	<u>1,352</u>				<u>1,352</u>
Total Assigned	<u>15,337</u>				<u>15,337</u>
Unassigned	<u>1,846,513</u>				<u>1,846,513</u>
Total Fund Balance	<u>\$2,280,530</u>	<u>\$664,435</u>	<u>\$1,122,759</u>	<u>\$1,039,899</u>	<u>\$5,107,623</u>

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
United States Department of Agriculture					
(Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
School Breakfast Program	10.553		\$519		\$519
National School Lunch Program	10.555		51,387		51,387
Cash Assistance:					
School Breakfast Program	10.553	\$22,398		\$22,398	
National School Lunch Program	10.555	101,663		101,663	
Total Child Nutrition Cluster		<u>124,061</u>	<u>51,906</u>	<u>124,061</u>	<u>51,906</u>
Total United States Department of Agriculture		<u>124,061</u>	<u>51,906</u>	<u>124,061</u>	<u>51,906</u>
United States Department of Education					
(Passed through Ohio Department of Education)					
Title I Cluster:					
Title I Grants to Local Educational Agencies	84.010	64,573		60,877	
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>637</u>		<u>2,998</u>	
Total Title I Cluster		65,210		63,875	
Special Education Cluster:					
Special Education Grants to States	84.027	187,368		173,881	
ARRA Special Education Grants to States, Recovery Act	84.391	<u>33,909</u>		<u>45,272</u>	
Total Special Education Cluster		221,277		219,153	
Safe and Drug-Free Schools and Communities - State Grants	84.186	209		231	
Educational Technology State Grants	84.318	291		864	
Improving Teacher Quality State Grants	84.367	29,753		29,753	
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	357,584		379,966	
ARRA State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	25,000		18,367	
Education Jobs Fund	84.410	186,925		186,925	
Total United States Department of Education		<u>886,249</u>		<u>899,134</u>	
Total Federal Financial Assistance		<u>\$1,010,310</u>	<u>\$51,906</u>	<u>\$1,023,195</u>	<u>\$51,906</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Crestview Local School District
Van Wert County
531 E. Tully Street
Convoy, Ohio 45832

To the Board of Education:

We have audited the financial statements of the governmental activities, the each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 19, 2012, wherein we noted the District adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*. We also noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 19, 2012.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of audit committee, management, board of education, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

January 19, 2012



Dave Yost • Auditor of State

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

Crestview Local School District
Van Wert County
531 E. Tully Street
Convoy, Ohio 45832

To the Board of Education:

Compliance

We have audited the compliance of Crestview Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Crestview Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Crestview Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

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

We noted certain matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 19, 2012.

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



Dave Yost
Auditor of State

January 19, 2012

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act – CFDA #84.394 Education Jobs Fund – CFDA #84.410
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2011-01

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District should prepare its financial statements according to generally accepted accounting principles to provide the users with more meaningful financial statements.

OFFICIALS RESPONSE: The District plans to continue preparing the GASB type cash basis reports because of the cost involved with preparing GAAP statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Ohio Rev. Code Section 117.38 & Ohio Admin. Code Section 117-2-03(B) – Failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding Number 2011-01

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Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

Crestview Local School District
Van Wert County
531 E. Tully Street
Convoy, Ohio 45832

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on June 20, 2011, to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

Dave Yost
Auditor of State

January 19, 2012

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Dave Yost • Auditor of State

CRESTVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 21, 2012**