



Dave Yost • Auditor of State

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Columbiana County, Ohio (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Columbiana County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule of Federal Award Receipts and Expenditures is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 23, 2014

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Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The discussion and analysis of the financial performance of Crestview Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. 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 2014 are as follows:

In total, net position decreased \$18,200.

General revenues accounted for \$9,125,027, or approximately 70 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$3,810,183 or 29 percent of total revenues of \$13,036,001. The District also reported a special item of \$100,791 accounting for the remaining 1 percent.

The District's major funds included the General Fund and the Permanent Improvement Capital Projects Fund. On the modified accrual basis, the General Fund had \$10,998,591 in revenues and \$10,966,154 in expenditures. The General Fund's balance increased \$32,437 from the prior fiscal year. The Permanent Improvement Capital Projects Fund had \$784,837 in revenues and \$759,805 in expenditures. The Permanent Improvement Capital Projects Fund balance increased \$25,032 from the previous fiscal year.

The revenue generated from the Permanent Improvement Capital Projects Fund included \$100,791 in gas lease bonus proceeds reported as a special item.

Using the Basic Financial Statements

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Crestview Local School District, the General Fund and the Permanent Improvement Capital Projects Fund are the two major funds of the District and are the most significant.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities reflect how the District did financially during fiscal year 2014. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net position and changes in that position. This change in net position 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 position and statement of activities, the District discloses a single type of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

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

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2014 compared to fiscal year 2013.

Net Position (Table 1)			
Governmental Activities			
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Assets			
Current and Other Assets	\$6,115,214	\$6,235,248	(\$120,034)
Capital Assets, Net	<u>15,504,068</u>	<u>15,929,696</u>	<u>(425,628)</u>
<i>Total Assets</i>	<u>21,619,282</u>	<u>22,164,944</u>	<u>(545,662)</u>
Liabilities			
Current Liabilities	1,573,935	1,539,967	33,968
Long-Term Liabilities			
Due within One Year	547,137	569,705	(22,568)
Due in More than One Year	<u>4,454,936</u>	<u>5,040,390</u>	<u>(585,454)</u>
<i>Total Liabilities</i>	<u>6,576,008</u>	<u>7,150,062</u>	<u>(574,054)</u>
Deferred Inflows of Resources			
Property Taxes	<u>2,267,708</u>	<u>2,221,116</u>	<u>46,592</u>
Net Position			
Net Investment in Capital Assets	11,099,829	10,969,851	129,978
Restricted	580,556	545,843	34,713
Unrestricted	<u>1,095,181</u>	<u>1,278,072</u>	<u>(182,891)</u>
<i>Total Net Position</i>	<u><u>\$12,775,566</u></u>	<u><u>\$12,793,766</u></u>	<u><u>(\$18,200)</u></u>

Total assets decreased by \$545,662. The overall decrease can be attributed to a decrease in capital assets and a slight decrease in cash balances from the prior year.

Total liabilities decreased by \$574,054. This decrease was due to the District making all scheduled payments on its outstanding long-term obligations during the fiscal year.

By comparing assets and liabilities, one can see the overall position of the School District has slightly decreased as evidenced by the decrease in net position of \$18,200, or less than one percent from the prior fiscal year.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 reflects the changes in net position for fiscal year 2014 compared to fiscal year 2013.

Table 2
Change in Net Position
Governmental Activities

	2014	2013	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services and Sales	\$3,118,364	\$3,145,718	(\$27,354)
Operating Grants and Contributions	691,819	701,573	(9,754)
<i>Total Program Revenues</i>	<u>3,810,183</u>	<u>3,847,291</u>	<u>(37,108)</u>
General Revenues			
Property Taxes	2,443,908	2,540,350	(96,442)
Income Tax	1,240,849	1,231,270	9,579
Intergovernmental	5,374,708	5,088,637	286,071
Investment Earnings	17,982	21,245	(3,263)
Miscellaneous	47,580	69,842	(22,262)
<i>Total General Revenues</i>	<u>9,125,027</u>	<u>8,951,344</u>	<u>173,683</u>
<i>Total Revenues</i>	<u>12,935,210</u>	<u>12,798,635</u>	<u>136,575</u>
Program Expenses			
Current:			
Instruction	7,146,828	6,683,553	463,275
Support Services:			
Pupil	527,806	584,616	(56,810)
Instructional Staff	410,710	548,432	(137,722)
Board of Education	16,861	26,363	(9,502)
Administration	1,126,692	1,071,926	54,766
Fiscal	369,398	383,826	(14,428)
Business	428	463	(35)
Operation and Maintenance of Plant	1,298,278	1,216,125	82,153
Pupil Transportation	770,622	770,079	543
Central	43,232	28,711	14,521
Operation of Non-Instructional Services	27,844	0	27,844
Operation of Food Services	535,501	593,473	(57,972)
Extracurricular Activities	460,779	409,366	51,413
Interest and Fiscal Charges	319,222	330,251	(11,029)
<i>Total Program Expenses</i>	<u>13,054,201</u>	<u>12,647,184</u>	<u>407,017</u>
Special Item	100,791	0	100,791
<i>Increase (Decrease) in Net Position</i>	<u>(18,200)</u>	<u>151,451</u>	<u>(169,651)</u>
Net Position Beginning of Year	12,793,766	12,642,315	151,451
<i>Net Position End of Year</i>	<u>\$12,775,566</u>	<u>\$12,793,766</u>	<u>(\$18,200)</u>

The primary sources of revenue for governmental activities are derived from grants and entitlements and property and income taxes. These revenue sources represent approximately 69 percent of total governmental revenue. Real estate property is reappraised every six years.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The largest expense of the District is for instruction, which totaled \$7,146,828 or 55 percent of total governmental expenses. Support service expenses totaled \$4,564,027, or 35 percent of total governmental expenses for fiscal year 2014.

Governmental Activities

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

Table 3
Total and Net Cost of Program Services

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$7,146,828	\$4,100,811	\$6,678,927	\$4,764,856
Support Services:				
Pupil	527,806	470,324	584,616	432,262
Instructional Staff	410,710	388,687	548,432	404,048
Board of Education	16,861	16,861	26,363	19,502
Administration	1,126,692	1,124,992	1,076,552	811,335
Fiscal	369,398	368,023	383,826	294,395
Business	428	428	463	463
Operation and Maintenance of Plant	1,298,278	1,298,278	1,216,125	939,155
Pupil Transportation	770,622	770,622	770,079	568,324
Central	43,232	42,956	28,711	20,093
Operation of Non-Instructional Services	27,844	27,739	0	0
Food Service Operation	535,501	29,113	593,473	25,389
Extracurricular Activities	460,779	285,962	409,366	189,820
Interest and Fiscal Charges	319,222	319,222	330,251	330,251
<i>Total Expenditures</i>	<u>\$13,054,201</u>	<u>\$9,244,018</u>	<u>\$12,647,184</u>	<u>\$8,799,893</u>

The dependence upon property and income tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 69 percent of all District expenses are supported through income and property taxes and unrestricted grants and entitlements. Program revenues supported nearly 30 percent of total expenses, while interest and miscellaneous revenues supported less than 1 percent. Overall, all current fiscal year expenses were not quite covered by current fiscal year revenues, resulting in the overall slight decrease in net position of \$18,200.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund. Total governmental funds had revenues of \$12,957,552 and expenditures of \$13,248,695. The net overall decrease in fund balance was \$190,352 for the year. This decrease was due mostly to an increase in expenditures from the prior fiscal year.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2014, the District amended its General Fund budget as needed.

The variance between final budgeted and actual revenues of \$45,468, or less than one percent. This variance was the result of slightly less than estimated intergovernmental collections, and was not significant to total revenues collected. The variance between original budgeted and actual revenues was \$19,828 and was due to slightly higher than estimated collections for income tax and miscellaneous revenue. This variance is also insignificant to the total revenues collected.

Final expenditures were budgeted at \$11,092,992 while actual expenditures were \$10,895,859. The \$197,133 difference is primarily due to a conservative "worst case scenario" approach, and is not significant, as it is less than 2 percent of the total budget. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$15,504,068 invested in capital assets (net of accumulated depreciation) for governmental activities. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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

	<u>2014</u>	<u>2013</u>
Land	\$250,000	\$250,000
Land Improvements	171,044	161,831
Buildings and Improvements	14,255,058	14,771,387
Furniture, Fixtures and Equipment	493,001	493,917
Vehicles	<u>334,965</u>	<u>252,561</u>
<i>Total</i>	<u><u>\$15,504,068</u></u>	<u><u>\$15,929,696</u></u>

All capital assets, except land and construction in progress, are reported net of depreciation. As one can see, the District had an overall decrease in capital assets of \$425,628. This decrease is due to the current year depreciation expense of \$680,939 and net deletions exceeding capital asset additions of \$255,311.

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

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Debt

As of June 30, 2014, the District's outstanding long-term obligations included \$4,084,175 in school construction bonds for the performing arts/auditorium project, \$375,740 in school facilities improvement refunding bonds for building improvements, and a capital lease for \$134,263. At June 30, 2014, the District's overall legal debt margin was \$9,888,242, with an un-voted debt margin of \$106,532.

For further information regarding the District's debt, see Note 17 to the basic financial statements.

Current Issues

The District is a small rural community in Northeast Ohio. The District's 2010 population was 6,200. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is holding its own in the state of a declining economy and uncertainty in State funding. As the preceding information shows, the District relies heavily upon property taxes, school district income tax, the state foundation program and open enrollment.

The District is also currently experiencing a declining resident enrollment. In order to offset the decrease, the District adopted an Open Enrollment Policy effective with the 2003 fiscal year. Currently for the 2013-2014 school year the District had a net open enrollment population of approximately 342 students.

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

Contacting the District's Financial Management

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

Crestview Local School District

Columbiana County, Ohio

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,367,564
Cash and Cash Equivalents:	
With Fiscal Agents	632,436
Accrued Interest Receivable	2,941
Accounts Receivable	11,329
Intergovernmental Receivable	5,104
Income Taxes Receivable	548,508
Property Taxes Receivable	2,478,278
Inventory Held for Resale	17,354
Materials and Supplies Inventory	35,036
Prepaid Items	15,164
Due from Agency Funds	1,500
Nondepreciable Capital Assets	250,000
Depreciable Capital Assets, Net	15,254,068
<i>Total Assets</i>	<u>21,619,282</u>
Liabilities	
Accounts Payable	41,151
Accrued Wages and Benefits Payable	968,192
Intergovernmental Payable	297,038
Accrued Interest Payable	76,965
Claims Payable	190,589
Long-Term Liabilities:	
Due Within One Year	547,137
Due In More Than One Year	4,454,936
<i>Total Liabilities</i>	<u>6,576,008</u>
Deferred Inflows of Resources	
Property Taxes	<u>2,267,708</u>
Net Position	
Net Investment in Capital Assets	11,099,829
Restricted for:	
Capital Projects	39,880
Debt Service	273,105
Other Purposes	267,571
Unrestricted	1,095,181
<i>Total Net Position</i>	<u>\$12,775,566</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$5,713,957	\$2,178,296	\$192,393	(\$3,343,268)
Special	1,328,464	455,464	180,482	(692,518)
Vocational	82,251	30,122	0	(52,129)
Other	22,156	8,980	280	(12,896)
Support Services:				
Pupils	527,806	49,532	7,950	(470,324)
Instructional Staff	410,710	17,447	4,576	(388,687)
Board of Education	16,861	0	0	(16,861)
Administration	1,126,692	0	1,700	(1,124,992)
Fiscal	369,398	0	1,375	(368,023)
Business	428	0	0	(428)
Operation and Maintenance of Plant	1,298,278	0	0	(1,298,278)
Pupil Transportation	770,622	0	0	(770,622)
Central	43,232	67	209	(42,956)
Operation of Non-Instructional Services	27,844	25	80	(27,739)
Operation of Food Services	535,501	239,029	267,359	(29,113)
Extracurricular Activities	460,779	139,402	35,415	(285,962)
Interest and Fiscal Charges	319,222	0	0	(319,222)
Total Governmental Activities	\$13,054,201	\$3,118,364	\$691,819	(9,244,018)

General Revenues

Property Taxes Levied for:

General Purposes	1,874,294
Debt Service	96,937
Capital Outlay	436,807
Other Purposes	35,870

Income Taxes Levied for:

General Purposes	1,240,849
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Grants and Entitlements not

Restricted to Specific Programs	5,374,708
---------------------------------	-----------

Investment Earnings

	17,982
--	--------

Miscellaneous

	47,580
--	--------

Total General Revenues

	9,125,027
--	------------------

Special Item

Gas Lease Bonus Payment	100,791
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Change in Net Position (18,200)

Net Position Beginning of Year 12,793,766

Net Position End of Year **\$12,775,566**

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Balance Sheet
Governmental Funds
June 30, 2014

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,565,771	\$61,782	\$740,011	\$2,367,564
Accrued Interest Receivable	2,630	0	311	2,941
Accounts Receivable	11,329	0	0	11,329
Interfund Receivable	91,743	0	0	91,743
Intergovernmental Receivable	0	0	5,104	5,104
Income Taxes Receivable	548,508	0	0	548,508
Property Taxes Receivable	1,946,537	494,486	37,255	2,478,278
Inventory Held for Resale	0	0	17,354	17,354
Materials and Supplies Inventory	33,554	0	1,482	35,036
Prepaid Items	15,164	0	0	15,164
Due from Agency Funds	1,500	0	0	1,500
<i>Total Assets</i>	<u>\$4,216,736</u>	<u>\$556,268</u>	<u>\$801,517</u>	<u>\$5,574,521</u>
Liabilities				
Accounts Payable	\$40,536	\$0	\$615	\$41,151
Accrued Wages and Benefits Payable	886,192	0	82,000	968,192
Intergovernmental Payable	276,579	0	20,459	297,038
Interfund Payable	0	0	91,743	91,743
<i>Total Liabilities</i>	<u>1,203,307</u>	<u>0</u>	<u>194,817</u>	<u>1,398,124</u>
Deferred Inflows of Resources				
Property Taxes	1,781,978	451,757	33,973	2,267,708
Unavailable Revenue - Property Taxes	102,660	26,635	2,112	131,407
Unavailable Revenue - Income Tax	66,667	0	0	66,667
Unavailable Revenue - Intergovernmental	0	0	842	842
<i>Total Deferred Inflows of Resources</i>	<u>1,951,305</u>	<u>478,392</u>	<u>36,927</u>	<u>2,466,624</u>
Fund Balances				
Nonspendable	48,718	0	1,482	50,200
Restricted	0	77,876	642,460	720,336
Committed	0	0	98,377	98,377
Assigned	176,808	0	0	176,808
Unassigned (Deficit)	836,598	0	(172,546)	664,052
<i>Total Fund Balances</i>	<u>1,062,124</u>	<u>77,876</u>	<u>569,773</u>	<u>1,709,773</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,216,736</u>	<u>\$556,268</u>	<u>\$801,517</u>	<u>\$5,574,521</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2014*

Total Governmental Fund Balances	\$1,709,773
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,504,068
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Property Taxes	131,407
Income Taxes	66,667
Intergovernmental	842
Total	198,916
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	441,847
In the statement of activities, interest is accrued on outstanding general obligation bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.	(76,965)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Capital Appreciation Bonds	(174,976)
Accretion on Bonds	(200,764)
Qualified School Construction Bonds	(4,095,000)
Unamortized Discount	10,825
Capital Leases	(134,263)
Compensated Absences	(407,895)
Total	(5,002,073)
 <i>Net Position of Governmental Activities</i>	 \$12,775,566

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$1,881,126	\$431,589	\$148,557	\$2,461,272
Income Taxes	1,248,515	0	0	1,248,515
Tuition and Fees	2,665,610	0	12,871	2,678,481
Interest	16,134	2	1,219	17,355
Charges for Services	0	0	239,029	239,029
Extracurricular Activities	49,532	0	146,940	196,472
Rentals	4,382	0	0	4,382
Contributions and Donations	2,875	0	43,352	46,227
Intergovernmental	5,093,278	252,455	672,506	6,018,239
Miscellaneous	37,139	0	10,441	47,580
<i>Total Revenues</i>	<u>10,998,591</u>	<u>684,046</u>	<u>1,274,915</u>	<u>12,957,552</u>
Expenditures				
Current:				
Instruction:				
Regular	5,186,749	46,532	195,550	5,428,831
Special	1,096,462	0	179,993	1,276,455
Vocational	72,049	0	0	72,049
Other	21,406	0	750	22,156
Support Services:				
Pupils	509,997	0	5,400	515,397
Instructional Staff	344,810	0	21,523	366,333
Board of Education	16,882	0	0	16,882
Administration	1,062,006	0	1,700	1,063,706
Fiscal	336,757	11,099	5,604	353,460
Operation and Maintenance of Plant	1,174,597	19,763	36,223	1,230,583
Pupil Transportation	697,448	0	0	697,448
Central	42,670	0	562	43,232
Operation of Non-Instructional Services	0	17,631	10,213	27,844
Operation of Food Services	0	0	517,965	517,965
Extracurricular Activities	243,420	0	166,566	409,986
Capital Outlay	69,929	171,075	14,307	255,311
Debt Service:				
Principal Retirement	74,775	235,000	365,810	675,585
Interest and Fiscal Charges	16,197	258,705	570	275,472
<i>Total Expenditures</i>	<u>10,966,154</u>	<u>759,805</u>	<u>1,522,736</u>	<u>13,248,695</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	32,437	(75,759)	(247,821)	(291,143)
Special Item				
Gas Lease Bonus Payment	0	100,791	0	100,791
<i>Net Change in Fund Balances</i>	32,437	25,032	(247,821)	(190,352)
<i>Fund Balances Beginning of Year</i>	1,029,687	52,844	817,594	1,900,125
<i>Fund Balances End of Year</i>	<u>\$1,062,124</u>	<u>\$77,876</u>	<u>\$569,773</u>	<u>\$1,709,773</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds (\$190,352)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	255,311
Current Year Depreciation	(680,939)

Total (425,628)

The net effect of various transactions involving capital assets

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

Assets Disposed	(18,150)
Accumulated Depreciation on Disposals	18,150

Total 0

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

Property Taxes	(17,364)
Income Taxes	(7,666)
Intergovernmental	842

Total (24,188)

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

675,585

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

Accrued Interest on Bonds	184
Accreted Interest on Bonds	(43,269)
Amortization of Discount	(665)

Total (43,750)

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

(23,629)

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

13,762

Change in Net Position of Governmental Activities (\$18,200)

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,905,000	\$1,897,435	\$1,897,435	\$0
Income Taxes	1,237,516	1,266,959	1,266,959	0
Tuition and Fees	2,663,227	2,663,227	2,665,638	2,411
Interest	12,956	12,956	16,309	3,353
Rentals	4,400	4,400	4,382	(18)
Contributions and Donations	325	325	325	0
Intergovernmental	4,945,476	4,945,476	4,893,202	(52,274)
Miscellaneous	5,209	48,627	49,687	1,060
<i>Total Revenues</i>	<u>10,774,109</u>	<u>10,839,405</u>	<u>10,793,937</u>	<u>(45,468)</u>
Expenditures				
Current:				
Instruction:				
Regular	5,742,504	5,895,817	5,343,078	552,739
Special	734,158	753,564	909,401	(155,837)
Vocational	63,356	65,055	71,593	(6,538)
Other	69,145	70,689	30,994	39,695
Support Services:				
Pupils	503,375	516,852	474,420	42,432
Instructional Staff	271,552	278,837	358,504	(79,667)
Board of Education	25,103	25,760	25,273	487
Administration	953,554	979,092	1,051,980	(72,888)
Fiscal	347,522	356,204	344,417	11,787
Operation and Maintenance of Plant	1,092,331	1,120,605	1,248,968	(128,363)
Pupil Transportation	731,957	750,946	728,141	22,805
Central	35,384	36,333	40,606	(4,273)
Extracurricular Activities	210,968	217,300	255,316	(38,016)
Debt Service:				
Principal Retirement	18,350	18,350	9,180	9,170
Interest and Fiscal Charges	6,588	6,588	2,988	3,600
<i>Total Expenditures</i>	<u>10,805,847</u>	<u>11,091,992</u>	<u>10,894,859</u>	<u>197,133</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(31,738)</u>	<u>(252,587)</u>	<u>(100,922)</u>	<u>151,665</u>
Other Financing Sources (Uses)				
Advances In	2,214	2,214	2,214	0
Advances Out	(1,000)	(1,000)	(1,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,214</u>	<u>1,214</u>	<u>1,214</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(30,524)	(251,373)	(99,708)	151,665
<i>Fund Balance Beginning of Year</i>	1,414,804	1,414,804	1,414,804	0
<i>Prior Year Encumbrances Appropriated</i>	125,095	125,095	125,095	0
<i>Fund Balance End of Year</i>	<u>\$1,509,375</u>	<u>\$1,288,526</u>	<u>\$1,440,191</u>	<u>\$151,665</u>

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

Statement of Fund Net Position

Proprietary Fund

June 30, 2014

	<u>Internal Service</u>
Assets	
Cash and Cash Equivalents:	
With Fiscal Agents	\$632,436
Liabilities	
Claims Payable	<u>190,589</u>
Net Position	
Unrestricted	<u><u>\$441,847</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2014*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	<u>\$1,438,064</u>
Operating Expenses	
Purchased Services	10,073
Claims	1,416,075
<i>Total Operating Expenses</i>	<u>1,426,148</u>
<i>Operating Income</i>	11,916
Non-Operating Revenues	
Interest	<u>1,846</u>
<i>Change in Net Position</i>	13,762
<i>Net Position Beginning of Year</i>	<u>428,085</u>
<i>Net Position End of Year</i>	<u><u>\$441,847</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2014

	<u>Internal Service</u>
<i>Increase in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$1,438,064
Cash Payments for Goods and Services	(10,073)
Cash Payments for Claims	<u>(1,385,796)</u>
<i>Net Cash Provided by Operating Activities</i>	42,195
Cash Flows from Investing Activities	
Interest on Investments	<u>1,846</u>
<i>Net Increase in Cash and Cash Equivalents</i>	44,041
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>588,395</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$632,436</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$11,916
Adjustments:	
Increase in Claims Payable	<u>30,279</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$42,195</u></u>
See accompanying notes to the basic financial statements	

Crestview Local School District

Columbiana County, Ohio

Statement of Net Position

Fiduciary Fund

June 30, 2014

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$34,599</u>
Liabilities	
Due to Primary Government	\$1,500
Undistributed Monies	<u>33,099</u>
<i>Total Liabilities</i>	<u>\$34,599</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 – Description of the School District and Reporting Entity

Crestview Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Crestview Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's three instructional/support facilities staffed by 44 non-certified and 88 certified full-time teaching personnel who provide services to approximately 1,267 students and other community members.

The Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Area Cooperative Computerized Educational Service System, Columbiana County Career Center, The Jefferson Health Plan, formerly the Ohio Mid-Eastern Regional Educational Services Agency, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Program. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

Permanent Improvement Capital Projects Fund - The Permanent Improvement Capital Projects Fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Ohio Revised Code.

The other governmental funds of the District account for grants and other resources, and debt service of the District whose uses are restricted, committed or assigned to a particular purpose.

Proprietary Funds

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

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Measurement Focus

Government-Wide Financial Statements

The statement of net position 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. Internal service fund activity is eliminated to avoid "doubling up" of revenues and expenses.

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

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

Fund Financial Statements

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

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

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund include the cost of goods and services and claims expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the proprietary and fiduciary are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, there were no deferred outflows of resources to include on the government-wide statement of net position.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes, income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Data

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

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

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

F. Cash and Investments

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

Crestview Local School District
Columbiana County, Ohio

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For the Fiscal Year Ended June 30, 2014

During fiscal year 2014, investments were limited to STAR Ohio. Investments in nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2014.

As authorized by Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$16,134, \$2,996 of which was assigned from other District funds.

For presentation of the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased. Inventories for governmental funds are accounted for using the consumption method on both the fund financial statements and the government-wide financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable classification in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

I. Restricted Net Position

Assets are reported as restricted net position when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. See Note 19 for additional information regarding set asides.

Crestview Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

J. Capital Assets

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

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

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

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

K. Interfund Balances

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

L. Compensated Absences

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

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

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include amounts restricted for non-public schools and community involvement.

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

O. 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 the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category 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” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District 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 fund balance 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 District Board of Education.

Crestview Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 applies restricted resources first when expenditures are 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 could be used.

P. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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.

Q. Bond Issuance Discount

On the government-wide financial statements, bond discounts are deferred and amortized over the term of the bonds using the straight line method. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the bonds payable. On the fund financial statements, bond discounts are expensed in the year the bonds are issued.

R. Operating Revenues and Expenses

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

S. Estimates

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. During fiscal year 2014, the District received \$100,791 related to the District's oil and gas mineral rights lease agreement. This amount was reported as a special item in the basic financial statements.

Crestview Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 3 – Change in Accounting Principle

For fiscal year 2014, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”, Statement No. 67, “Financial Reporting for Pension Plans”, and Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

GASB Statement No. 67 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

Note 4 – Accountability

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
Food Service Fund	\$119,334
Race to the Top Grant Fund	147
Title I Fund	39,675
Improving Teacher Quality Fund	11,908

The deficit fund balances in these funds are the result of adjustments for accrued liabilities, except for the Food Service fund, which had a negative cash balance at fiscal year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

The Food Service special revenue fund did not comply with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for the deficit in this fund and provides transfers when cash is required.

Crestview Local School District
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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Note 5 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.
5. *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).

*As part of Governmental Accounting Standards Board No. 54 “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes the public school support special revenue fund.

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

Net Change in Fund Balance	
GAAP Basis	\$32,437
Net Adjustment for Revenue Accruals	(193,217)
Advances In	2,214
Net Adjustment for Expenditure Accruals	249,751
Net Adjustment for Funds Budgeted as Special Revenue	(11,437)
Advances Out	(1,000)
Adjustment for Encumbrances	<u>(178,456)</u>
Budget Basis	<u><u>(\$99,708)</u></u>

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 6 – Deposits and Investments

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

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

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

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

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

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

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Cash on Hand

At fiscal year end, the District had \$427 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

At June 30, 2014, the District's internal service fund had a balance of \$632,436 with the Jefferson Health Plan, a claims servicing pool (See Note 12). The balance is held by the claims administrator in a pooled account, which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, Treasurer, Jefferson County ESC, 2023 Sunset Blvd. Steubenville, Ohio 43952.

Deposits

At June 30, 2014, the carrying amount of all District deposits was \$2,396,295. Based on the criteria described in GASB Statement No. 40, "Deposits And Investment Risk Disclosures", as of June 30, 2014, \$1,397,471 of the District's bank balance of \$2,449,011 was covered by the Federal Deposit Insurance Corporation, while \$1,051,540 was exposed to custodial risk as discussed below.

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

Investments

As of June 30, 2014, the District had the following investment. All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$5,441	Six Months or Less

Crestview Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Credit Risk: Standard & Poor's has assigned STAR Ohio and the money market an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2014:

Investment	Percentage of Investment
STAR Ohio	100.00%

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Position as of June 30, 2014:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$2,396,295	Governmental Activities	\$3,000,000
Investments	5,441	Agency Funds	34,599
Cash with fiscal agent	632,436		
Cash on hand	427		
Total	\$3,034,599		\$3,034,599

Crestview Local School District
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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Note 7 – Fund Balances

Fund balance is classified as nonspendable, 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 the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Permanent Improvement	Nonmajor Governmental	Total
<i>Nonspendable</i>				
Prepays	\$15,164	\$0	\$0	\$15,164
Inventory	33,554	0	1,482	35,036
<i>Total Nonspendable</i>	<u>48,718</u>	<u>0</u>	<u>1,482</u>	<u>50,200</u>
<i>Restricted for</i>				
Classroom Maintenance	0	0	33,326	33,326
Athletics & Music	0	0	123,672	123,672
Project Lead the Way	0	0	10,000	10,000
E-Tech Podcast Grant	0	0	84	84
Debt Service Payments	0	0	475,378	475,378
Capital Improvements	0	77,876	0	77,876
<i>Total Restricted</i>	<u>0</u>	<u>77,876</u>	<u>642,460</u>	<u>720,336</u>
<i>Committed to</i>				
College Scholarships	0	0	98,377	98,377
<i>Assigned to</i>				
Encumbrances	137,941	0	0	137,941
Other Purposes	38,867	0	0	38,867
<i>Total Assigned</i>	<u>176,808</u>	<u>0</u>	<u>0</u>	<u>176,808</u>
<i>Unassigned (Deficit)</i>	<u>836,598</u>	<u>0</u>	<u>(172,546)</u>	<u>664,052</u>
<i>Total Fund Balances</i>	<u><u>\$1,062,124</u></u>	<u><u>\$77,876</u></u>	<u><u>\$569,773</u></u>	<u><u>\$1,709,773</u></u>

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes for 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2014 was \$61,899 in the general fund, \$16,094 in the permanent improvement capital projects fund, and \$1,170 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2013 was \$78,208 in the general fund, \$11,394 in the bond retirement debt service fund, \$15,608 in the permanent improvement capital projects fund, and \$1,637 in the classroom facilities maintenance special revenue fund. The difference was in timing and collection by the County Auditor.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$98,033,710	93.94 %	\$99,788,710	93.67 %
Public Utility Personal	6,319,260	6.06	6,742,840	6.33
Total	\$104,352,970	100.00 %	\$106,531,550	100.00 %
Tax rate per \$1,000 of assessed valuation	\$36.12		\$33.20	

Note 9 – School District Income Tax

The voters of the District passed a 1 percent permanent school district income tax in the November 1989 election that became effective January 1, 1990. School district income tax revenue received by the General Fund during fiscal year 2014 was \$1,248,515 on a modified accrual basis.

Crestview Local School District
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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$250,000	\$0	\$0	\$250,000
Capital Assets, being depreciated:				
Land Improvements	189,248	13,520	0	202,768
Buildings and Building Improvements	22,202,187	25,000	0	22,227,187
Furniture, Fixtures and Equipment	1,002,042	84,236	(18,150)	1,068,128
Vehicles	1,008,333	132,555	0	1,140,888
Total Capital Assets, being depreciated:	24,401,810	255,311	(18,150)	24,638,971
Less Accumulated Depreciation:				
Land Improvements	(27,417)	(4,307)	0	(31,724)
Buildings and Building Improvements	(7,430,800)	(541,329)	0	(7,972,129)
Furniture, Fixtures and Equipment	(508,125)	(85,152)	18,150	(575,127)
Vehicles	(755,772)	(50,151)	0	(805,923)
Total Accumulated Depreciation	(8,722,114)	(680,939)	18,150	(9,384,903)
Total Capital Assets being depreciated, net	15,679,696	(425,628)	0	15,254,068
Governmental Activities Capital Assets, Net	\$15,929,696	(\$425,628)	\$0	\$15,504,068

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$278,622
Special	53,038
Vocational	9,868
Support Services:	
Pupil	12,746
Instructional Staff	44,759
Administration	57,346
Fiscal	15,776
Business	428
Operation and Maintenance of Plant	62,874
Pupil Transportation	73,293
Operation of Food Services	21,002
Extracurricular Activities	51,187
Total Depreciation Expense	\$680,939

Crestview Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 11 - Receivables

Receivables at June 30, 2014, consisted of property taxes, income taxes, accounts (rent and student fees), intergovernmental and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables follows:

Property Taxes Receivable	\$2,478,278
Income Taxes Receivable	548,508
Accounts Receivable	11,329
Intergovernmental Receivable	5,104
Accrued Interest Receivable	2,941
Total	\$3,046,160

Note 12 – Risk Management

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the District has contracted with the following insurance companies to provide coverage in the following amounts:

Type of Coverage	Coverage	Deductible
Ohio Casualty		
General Liability:		
Each Occurrence	\$1,000,000	\$0
Aggregate	2,000,000	0
Umbrella Liability:		
Each Occurrence	1,000,000	0
Aggregate	3,000,000	0
Ohio Casualty		
Fleet:		
Comprehensive	2,000,000	500
Collision	2,000,000	500
Ohio Casualty		
Building and Contents	39,404,601	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2014.

B. Health and Dental Insurance

The District belongs to the Jefferson Health Plan to self-insure its medical claims. Contributions are determined by the consortium’s board of directors and are remitted monthly to the consortium’s fiscal agent, Jefferson County Educational Service Center, who then pays all incurred claims. Thus actual cash “reserves” are held by the fiscal agent. Settlements have never exceeded insurance coverage.

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Professional Risk Management (PRM), a Meritain company and third party administrator, services all health/medical claims submitted by employees. An excess coverage insurance policy covers individual claims in excess of \$50,000 per employee consortium wide.

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$190,589, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Claims in the fund's claims liability during fiscal years 2013 and 2014 were:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2013	\$220,868	1,287,332	1,347,890	\$160,310
2014	160,310	1,426,148	1,395,869	190,589

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

C. OASBO Group Rating Program

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

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the GRP.

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

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Note 13 – Interfund Activity

A. Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close out the funds that are no longer required. During fiscal year 2014, there were no interfund transfers made.

B. Interfund Receivable/Payable

At June 30, 2014, interfund receivables/payables consisted of three GAAP basis advances made from the general fund to various non-major special revenue funds totaling \$91,743, to cover negative cash balances.

Note 14 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, 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 publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$179,775, \$168,215 and \$154,468, respectively; 35 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. 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 plan. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

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

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Plan members transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

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

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

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

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

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

Benefits are increased annually by 3 percent of the original base amount for Defined Benefit Plan participants. The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

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Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 11 percent of covered payroll for members and 14 percent for employers. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$607,233, \$603,223 and \$609,570, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were not available at the time this report was issued.

Additional information or copies of STRS Ohio's 2013 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, four board members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 – Postemployment Benefits

A. School Employees Retirement System

Plan Description – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is 0.76 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$10,430, \$9,502 and \$9,122, respectively; 35 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$22,021, \$21,270 and \$24,990, respectively; 35 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

B. State Teachers Retirement System of Ohio

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issued as stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$46,710, \$46,402 and \$46,890, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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Note 16 – Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 2 weeks of vacation per year after 1 year of service, 3 weeks of vacation per year after 8 years of service, and 4 weeks of vacation per year after 15 years of service. The 4 principals, special education supervisor, superintendent and Treasurer do not earn vacation; their contracts are for a specific number of days and the rest of the year are non-contract days. The high school principal is contracted for 240 days, the middle school principal for 240 days, the elementary principal for 220 days, and the superintendent for 240 days. The Treasurer is contracted for 240 days, the special education supervisor for 220 days, and the assistant principal 220 days. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Certified employees do not earn vacation. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated up to a maximum of 15 days per year for all personnel. The total lifetime maximum sick leave accumulation for personnel is 235 days for certified employees, and 235 days for classified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 47 days for certified employees, and 48 days for classified employees.

Note 17 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts due in One Year
General Obligation Bonds:					
<i>2010 Qualified School Construction Bonds</i>					
2010 Series A Bonds - 4.15% - 4.35%	\$800,000	\$0	\$0	\$800,000	\$0
2010 Series B Bonds - 5.67%	3,530,000	0	(235,000)	3,295,000	235,000
Unamortized Issuance Discount	(11,490)	0	665	(10,825)	0
Total Qualified School Construction Bonds	4,318,510	0	(234,335)	4,084,175	235,000
<i>2003 School Facilities Refunding Bonds</i>					
Capital Appreciation Bonds - 7.73%	279,997	0	(105,021)	174,976	90,823
Accretion on Capital Appreciation Bonds	277,474	43,269	(119,979)	200,764	119,177
Total School Facilities Refunding Bonds	557,471	43,269	(225,000)	375,740	210,000
Other Long-Term Obligations:					
Capital Lease - Computer Equipment	199,858	0	(65,595)	134,263	70,870
Energy Conservation Note 4.0%	149,990	0	(149,990)	0	0
Compensated Absences	384,266	49,389	(25,760)	407,895	31,267
Total Governmental Long-Term Obligations	\$5,610,095	\$92,658	(\$700,680)	\$5,002,073	\$547,137

Qualified School Construction Bonds: On September 29, 2010, the District issued Qualified School Construction Bonds of \$4,800,000 (par value) with interest rates ranging from 4.15 percent to 5.67 percent for the performing arts center project. The Series A bonds mature 9/15/2030 and the Series B bonds mature 9/15/2027. The bonds were issued at a discount of \$13,320 and, after paying issuance costs of \$189,719, the net proceeds were \$4,596,961.

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District.

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

The refunding issue is comprised of both current interest bonds, par value \$2,200,000, and capital appreciation bonds, par value \$279,997. The interest rates on the current interest bonds range from 1.50 percent to 3.50 percent. The capital appreciation bonds mature on December 1, 2015 at a redemption price equal to 100 percent of the principal plus accreted interest to the redemption date. The present value (as of the issue date) reported on the statement of net position at June 30, 2014 is \$174,976. Total accreted interest of \$200,764 has been included on the statement of net position.

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

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

Energy Conservation Note: On August 10, 2011, the District issued an Energy Conservation Note under House Bill 264, in the amount of \$196,980. The note was scheduled to mature in April 2021 and had an interest rate of 4.0 percent, however, the District paid this loan off early during the fiscal year and it is no longer outstanding.

Compensated absences will be paid from the general fund and the food service special revenue fund.

The School District's overall legal debt margin was \$9,888,242 with an unvoted debt margin of \$106,532 at June 30, 2014.

Principal requirements to retire general obligation debt outstanding at June 30, 2014, are as follows:

Fiscal Year Ended	<u>Capital Appreciation Bonds, Series 2003</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$90,823	\$119,177	\$210,000
2016	84,153	125,847	210,000
Total	<u>\$174,976</u>	<u>\$245,024</u>	<u>\$420,000</u>

Fiscal Year Ended	<u>Q.S.C.B.'s, Series 2010 A</u>			<u>Q.S.C.B.'s, Series 2010 B</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>***Interest</u>	<u>Total</u>
2015	\$0	\$34,025	\$34,025	\$235,000	\$224,680	\$459,680
2016	0	34,025	34,025	235,000	224,680	459,680
2017	0	34,025	34,025	235,000	224,680	459,680
2018	0	34,025	34,025	235,000	224,680	459,680
2019	0	34,025	34,025	235,000	224,680	459,680
2020 - 2024	0	170,125	170,125	1,175,000	1,123,400	2,298,400
2025 - 2029	255,000	164,834	419,834	945,000	786,380	1,731,380
2030 - 2031	545,000	23,901	568,901	0	0	0
Total	<u>\$800,000</u>	<u>\$528,985</u>	<u>\$1,328,985</u>	<u>\$3,295,000</u>	<u>\$3,033,180</u>	<u>\$6,328,180</u>

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***Interest payments made on the 2010 Series B Qualified School Construction Bonds are being offset by tax credits received from the Federal government in the approximate amount of \$2,883,543 through 2030. These tax credits will reduce the net amount of interest paid by the District over the life of the bonds to \$1,139,978.

Note 18 - Capitalized Leases

In prior fiscal years, the District entered into capitalized leases for the construction of a football stadium and track, a wireless network and laptop computers for students. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The football stadium and track have been capitalized in the amount of \$956,000, the present value of the minimum lease payments at the inception of the lease. The wireless network and laptops have been capitalized in the amount of \$270,240, the present value of the minimum lease payments at the inception of the lease.

The assets acquired through capital leases are as follows:

<i>Assets:</i>	<u>Governmental Activities</u>
Football Stadium and Track	\$956,000
Wireless Network and Licenses	40,720
434 Laptop Computers	<u>229,520</u>
Historical Cost	1,226,240
Less: Accumulated Depreciation	<u>(841,940)</u>
Total Book Value as of June 30, 2014	<u><u>\$384,300</u></u>

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

<u>Fiscal Year Ending June 30,</u>	
2015	\$78,804
2016	<u>65,627</u>
Total Minimum Lease Payments	144,431
Less: Amount Representing Interest	<u>(10,168)</u>
Present Value of Minimum Lease	<u><u>\$134,263</u></u>

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

Note 19 - Set-Aside Calculation

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2013	\$0
Current Year Set-Aside Requirement	211,904
Current year offsets	(540,148)
Total	(\$328,244)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Cash balance as of June 30, 2014	\$0

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

Note 20 – Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System

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

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

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

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

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid \$34,582 to ACCESS during fiscal year 2014. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 222, Boardman, Ohio, 44512.

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B. Columbiana County Career Center

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

Note 21 – Group Purchasing Pools

A. Jefferson Health Plan

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

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

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

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

Note 22 - 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, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$43,662		\$43,662
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$51,192		\$51,192	
National School Lunch Program	10.555	186,573		186,573	
Total Nutrition Cluster		<u>237,765</u>	<u>43,662</u>	<u>237,765</u>	<u>43,662</u>
State Administrative Expenses for Child Nutrition	10.560	<u>0</u>		<u>10,000</u>	
Total U.S. Department of Agriculture		<u>237,765</u>	<u>43,662</u>	<u>247,765</u>	<u>43,662</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	84.010	208,021		209,465	
Improving Teacher Quality State Grants (Title II-A)	84.367	58,857		58,857	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	<u>65,492</u>		<u>68,581</u>	
Total U.S. Department of Education		<u>332,370</u>		<u>336,903</u>	
Totals		<u>\$ 570,135</u>	<u>\$ 43,662</u>	<u>\$ 584,668</u>	<u>\$ 43,662</u>

The accompanying notes are an integral part of this schedule.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

The 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 entitlement 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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Columbiana County, (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 23, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 2014-001.

Entity's Response to Findings

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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 23, 2014



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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Crestview Local School District's (the "District") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Crestview Local School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Crestview Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 23, 2014

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA #10.553 & 10.555)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2014-001

Finding Repaid Under Audit

On September 11, 2013 the Board of Education passed the Superintendent's recommendation awarding a supplemental contract for Charlene Mercure, Treasurer, to oversee the High School-Higher Education Alignment Federal Grant for the 2013-2014 school year at a salary of \$1,375. This contract was in addition to her current contract to serve as the Treasurer of the school.

**FINDING NUMBER 2014-001
(Continued)**

In spite of any additional duties in managing Federal or state funds, Federal and state law prohibit treasurers from receiving a supplemental contract for managing Federal or state funds. **Ohio Rev. Code § 3313.24** provides, in part that the board of education of each local, exempted village or city school district shall fix the compensation of its treasurer which shall be paid from the general fund of the district. In addition to statutory references, the Ohio Supreme Court has called into question the ability for boards of education to enter into supplemental contracts with non-teaching employees (**Hall v. Lakeview Local School District Board of Education, 63 Ohio St. 3d 380**). The referenced case provides, in part: "Ohio Revised Code 3319.081 applies to contracts with respect to nonteaching employees. The statute does not contain a provision authorizing a board of education to enter into supplemental contracts with nonteaching employees. In comparison, Ohio Revised Code 3319.08 specifically authorizes a board of education to enter into supplemental contracts with teachers whereby a teacher receives additional compensation for additional duties performed. Clearly, if the General Assembly had intended to empower a board of education to enter into supplemental contracts with nonteaching employees, the General Assembly could have specifically so stated as it did with regard to teachers in Ohio Revised Code 3319.08. Therefore, we find that a board of education does not have the authority to enter into supplemental contracts with nonteaching employees."

In accordance with the foregoing facts and pursuant to Ohio Rev Code §117.28, a finding for recovery for public money illegally expended is hereby issued against Charlene Mercure, Treasurer, and her bonding company The Cincinnati Insurance Company, in the amount of \$1,375 in favor of the Crestview Local School District General Fund.

The finding for recovery was repaid on October 10, 2014, with the amount being deducted from the treasurer's October 4, 2014 pay.

Officials Response:

The Board of Education and Treasurer have taken immediate steps to correct its actions. It has rescinded the supplemental contract and the Treasurer has paid back \$1,375 through a payroll deduction. The supplemental contract was awarded to the Treasurer as a result of additional duties and responsibilities she undertook in her role as fiscal agent of the High School to Higher Education Federal Alignment Grant. These responsibilities included managing the contracts of employees of other public school districts and institutions and were not contemplated by her current employment contract. The Board of Education was not aware that supplemental contracts could not be awarded to treasurers and believed it could award such a contract through its general statutory authority pursuant to Ohio Revised Code section 3313.17. Moving forward, the Board and its administration will continue to take the necessary steps to ensure full compliance with the Auditor's recommendations with respect to supplemental contracts.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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CRESTVIEW LOCAL SCHOOL DISTRICT

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 13, 2014**