

Crestwood Local School District
Portage County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2014



Dave Yost • Auditor of State

Board of Education
Crestwood Local School District
4565 West Prospect Street
Mantua, Ohio 44255

We have reviewed the *Independent Auditor's Report* of the Crestwood Local School District, Portage County, prepared by Rea & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

December 1, 2014

This page intentionally left blank.

**CRESTWOOD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

Table of Contents

	<i>Page</i>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Classroom Facilities Maintenance Fund.....	20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund.....	22
Notes to the Basic Financial Statements	23
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	48

This page intentionally left blank.

**CRESTWOOD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

Table of Contents (Continued)

Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133	50
Schedule of Expenditures of Federal Awards – Cash Basis	52
Notes to the Schedule of Federal Awards – Cash Basis	53
Schedule of Findings and Questioned Costs.....	54

This page intentionally left blank.

November 3, 2014

The Board of Education
Crestwood Local School District
4565 West Prospect Street
Mantua, Ohio 44255

Independent Auditor's Report

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 the Crestwood Local School District, Portage County, Ohio (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crestwood Local School District, Portage County, Ohio, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund and classroom facilities maintenance fund for the year then ended in accordance with 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 that the Management's Discussion and Analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 School District's internal control over financial reporting and compliance.

Hea & Associates, Inc.

Medina, Ohio

This page intentionally left blank

Crestwood Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The discussion and analysis of the Crestwood School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position increased \$1,844,195, which represents a 9.11 percent increase from 2013.
- Capital assets increased \$1,979,144 during fiscal year 2014.
- During the fiscal year, outstanding debt decreased from \$7,714,190 to \$7,060,042 due to principal payments made by the School District

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School District as a whole 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 School District, presenting both an aggregate view of the School 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 as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Crestwood School District, the general fund and the classroom facilities maintenance fund are by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Crestwood Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and classroom facilities maintenance fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called 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 School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 21 and 22. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Crestwood Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

Table 1
Net Position

	Governmental Activities	
	2014	2013
Assets		
Current and Other Assets	\$ 14,727,701	\$ 16,957,344
Capital Assets	24,656,434	22,677,290
<i>Total Assets</i>	39,384,135	39,634,634
Deferred Outflows of Resources	101,631	112,055
Liabilities		
Other Liabilities	2,620,931	2,446,713
Long-Term Liabilities	8,473,030	9,866,330
<i>Total Liabilities</i>	11,093,961	12,313,043
Deferred Inflows of Resources	6,297,445	7,183,481
Net Position		
Net Investment in Capital Assets	17,744,890	16,882,814
Restricted	3,658,166	4,177,702
Unrestricted	691,304	(810,351)
<i>Total Net Position</i>	\$ 22,094,360	\$ 20,250,165

At year end, capital assets represented 62.60 percent of total assets. Capital assets include, land, buildings and improvements, equipment and vehicles. The net investment in capital assets was \$17,744,890 at June 30, 2014. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$3,658,166 or 16.56 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position of \$691,304 may be used to meet the government's ongoing obligations to students and creditors.

During fiscal year 2014, current and other assets decreased \$2,229,643, primarily the result of the School District expending lease purchase proceeds that were received in fiscal year 2013. The lease purchase proceeds were used for an energy conservation capital project, which resulted in a significant increase in capital assets in fiscal year 2014.

Long-term liabilities decreased \$1,393,300 due to principal payments paid by the School District during fiscal year 2014. Additionally, there was a significant decrease in compensated absences. In fiscal year 2012 and prior years, retiring employees were paid out their severance and early retirement incentive payments over three to eight years. At June 30, 2014, the majority of payments owed to employees under this policy had been paid.

Crestwood Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Deferred inflows of resources decreased \$886,036 due to an increase in the amount of property taxes available for advance at June 30, 2014. This can vary from year to year depending on the date the bills are sent.

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

Table 2
Changes in Net Position

	Governmental Activities	
	2014	2013
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,522,163	\$ 1,823,162
Operating Grants	1,302,490	1,408,123
<i>Total Program Revenues</i>	<u>2,824,653</u>	<u>3,231,285</u>
<i>General Revenues:</i>		
Property Taxes	8,800,543	7,323,024
Grants and Entitlements Not Restricted	12,003,459	11,608,170
Other	185,661	264,631
<i>Total General Revenues</i>	<u>20,989,663</u>	<u>19,195,825</u>
<i>Total Revenues</i>	<u>23,814,316</u>	<u>22,427,110</u>
Program Expenses		
Instruction:		
Regular	8,921,929	9,106,395
Special	2,792,822	2,521,303
Vocational	171,959	185,349
Adult/Continuing	173	0
Student Intervention Services	167,388	23,536
Other	1,141,345	1,158,235
Support Services:		
Pupils	772,953	889,265
Instructional Staff	61,791	558,469
Board of Education	18,565	20,358
Administration	1,795,909	2,187,097
Fiscal	494,312	545,079
Business	53,596	22,050
Operation and Maintenance of Plant	2,086,969	2,005,424
Pupil Transportation	1,571,903	1,635,359
Central	513,374	346,957
Operation of Non-Instructional Services:		
Food Service Operations	558,417	582,646
Community Services	0	38,597
Extracurricular Activities	541,632	639,518
Debt Service:		
Interest and Fiscal Charges	305,084	201,396
<i>Total Expenses</i>	<u>21,970,121</u>	<u>22,667,033</u>
<i>Increase (Decrease) in Net Position</i>	1,844,195	(239,923)
<i>Net Position at Beginning of Year</i>	<u>20,250,165</u>	<u>20,490,088</u>
<i>Net Position at End of Year</i>	<u>\$ 22,094,360</u>	<u>\$ 20,250,165</u>

Crestwood Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Charges for services decreased \$300,999, primarily due to a decrease in special education tuition revenue as well as a decrease in the related excess cost receivable at June 30, 2014. Property tax revenues increased \$1,477,519 due to a new emergency levy which began collection in calendar year 2013.

Fluctuations between special instruction and instructional staff support services expenses can be attributed to the re-coding of expenses in accordance with the revised expenditure standards approved by the State Board of Education on December 11, 2012. The expenditure standards revisions addressed operating expenditures and classroom instruction versus non-classroom expenditures. Administrative expenses decreased due to large severance and early retirement incentive payments in fiscal year 2013.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2014	2013	2014	2013
Instruction:				
Regular	\$ 8,921,929	\$ 9,106,395	\$ 7,937,476	\$ 8,154,661
Special	2,792,822	2,521,303	1,884,429	1,360,922
Vocational	171,959	185,349	122,375	125,842
Adult/Continuing	173	0	173	0
Student Intervention Services	167,388	23,536	99,560	23,536
Other	1,141,345	1,158,235	1,141,345	1,158,067
Support Services:				
Pupils	772,953	889,265	772,953	795,189
Instructional Staff	61,791	558,469	61,761	486,033
Board of Education	18,565	20,358	18,565	20,358
Administration	1,795,909	2,187,097	1,795,909	2,186,739
Fiscal	494,312	545,079	494,312	540,164
Business	53,596	22,050	53,596	22,050
Operation and Maintenance of Plant	2,086,969	2,005,424	2,066,698	1,933,506
Pupil Transportation	1,571,903	1,635,359	1,534,608	1,611,158
Central	513,374	346,957	506,174	339,757
Operation of Non-Instructional Services:				
Food Service Operations	558,417	582,646	49,688	57,607
Community Services	0	38,597	0	10,597
Extracurricular Activities	541,632	639,518	300,762	408,166
Debt Service:				
Interest and Fiscal Charges	305,084	201,396	305,084	201,396
Total Expenses	\$ 21,970,121	\$ 22,667,033	\$ 19,145,468	\$ 19,435,748

Crestwood Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The dependence upon general revenues for governmental activities is apparent. Over 87.14 percent of governmental activities are supported through taxes and other general revenues; such revenues are 88.14 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$23,972,389 and expenditures of \$25,239,208 for fiscal year 2014.

The general fund's net change in fund balance for fiscal year 2014 was an increase of \$921,722. This increase is the result of a significant increase in property tax revenue related to a new emergency levy, as well as an increase in State foundation revenue in fiscal year 2014.

The fund balance of the Classroom Facilities Maintenance fund decreased by \$324,625. In fiscal year 2014, the School District expended approximately \$500,000 toward the cost of a district-wide energy conservation project.

The other governmental funds' net change in fund balance for fiscal year 2014 was a decrease of \$1,861,273. The majority of this decrease is due to the School District expending debt proceeds that were received in fiscal year 2013.

General Fund Budgeting Highlights

The School 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 School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue was \$19,924,371, which was higher than the final budget basis revenue by \$172,337. Most of this difference is due to an underestimation of property taxes and intergovernmental revenue.

Final appropriations of \$20,098,579 were \$251,206 higher than the actual expenditures of \$19,847,373 as cost savings were recognized for instruction and student support services throughout the year.

During the course of fiscal year 2014, there were no significant changes from the original to final budget.

Crestwood Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$24,656,434 invested in capital assets. Table 4 shows fiscal year 2014 balances compared with 2013.

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

	Governmental Activities	
	2014	2013
Land	\$ 1,529,042	\$ 1,529,042
Construction in Progress	0	484,579
Land Improvements	1,058,471	1,079,264
Buildings	20,322,922	17,657,943
Furniture and Equipment	1,103,555	1,234,178
Vehicles	642,444	692,284
<i>Totals</i>	\$ 24,656,434	\$ 22,677,290

The \$1,979,144 increase in capital assets was attributable to additional purchases exceeding current year depreciation and disposals. In fiscal year 2014, the School District completed a \$2.6 million energy conservation project. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2014, the School District had \$7,060,042 in debt outstanding. See Note 9 for additional details. Table 5 summarizes debt outstanding.

(Table 5)
Outstanding Debt at Year End

	Governmental Activities	
	2014	2013
School Improvement Bonds	\$ 5,138,442	\$ 5,590,690
Lease Obligations	1,921,600	2,123,500
<i>Total</i>	\$ 7,060,042	\$ 7,714,190

Crestwood Local School District
Portage County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Current Issues

The Board of Education and administration closely monitor revenues and expenditures in accordance with the financial forecast. The financial future of the School District is not without its challenges though. These challenges stem from issues locally and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ms. Jill Rowe, Treasurer/CFO of Crestwood Local School District, 4565 West Prospect St., Mantua, Ohio 44255.

Crestwood Local School District
Portage County, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 5,870,460
Inventory Held For Resale	9,288
Receivables:	
Intergovernmental	690,063
Property Taxes	8,157,890
Nondepreciable Capital Assets	1,529,042
Depreciable Capital Assets (Net)	23,127,392
<i>Total Assets</i>	39,384,135
Deferred Outflows of Resources	
Deferred Charges on Refunding	101,631
Liabilities	
Accounts Payable	71,319
Accrued Wages and Benefits	1,867,047
Intergovernmental Payable	508,316
Accrued Interest Payable	16,524
Matured Compensated Absences Payable	157,725
Long Term Liabilities:	
Due Within One Year	924,367
Due In More Than One Year	7,548,663
<i>Total Liabilities</i>	11,093,961
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	6,297,445
Net Position	
Net Investment in Capital Assets	17,744,890
Restricted For:	
Capital Outlay	640,613
Debt Service	653,545
Classroom Facilities Maintenance	2,257,886
State Funded Programs	24,008
Federally Funded Programs	71,622
Other Purposes	10,492
Unrestricted	691,304
<i>Total Net Position</i>	\$ 22,094,360

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage 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				
Instruction:				
Regular	\$ 8,921,929	\$ 761,792	\$ 222,661	\$ (7,937,476)
Special	2,792,822	269,916	638,477	(1,884,429)
Vocational	171,959	0	49,584	(122,375)
Adult/Continuing	173	0	0	(173)
Student Intervention Services	167,388	0	67,828	(99,560)
Other	1,141,345	0	0	(1,141,345)
Support Services:				
Pupils	772,953	0	0	(772,953)
Instructional Staff	61,791	30	0	(61,761)
Board of Education	18,565	0	0	(18,565)
Administration	1,795,909	0	0	(1,795,909)
Fiscal	494,312	0	0	(494,312)
Business	53,596	0	0	(53,596)
Operation and Maintenance of Plant	2,086,969	0	20,271	(2,066,698)
Pupil Transportation	1,571,903	21,696	15,599	(1,534,608)
Central	513,374	0	7,200	(506,174)
Operation of Non-Instructional Services:				
Food Service Operations	558,417	229,494	279,235	(49,688)
Extracurricular Activities	541,632	239,235	1,635	(300,762)
Debt Service:				
Interest and Fiscal Charges	305,084	0	0	(305,084)
Total	\$ 21,970,121	\$ 1,522,163	\$ 1,302,490	(19,145,468)
General Revenues				
Property Taxes Levied for:				
General Purposes				7,659,621
Debt Service				601,394
Capital Outlay				366,429
Classroom Facilities Maintenance				173,099
Grants and Entitlements Not Restricted to Specific Programs				12,003,459
Investment Earnings				38,843
Miscellaneous				146,818
<i>Total General Revenues</i>				<u>20,989,663</u>
<i>Change in Net Position</i>				1,844,195
<i>Net Position Beginning of Year</i>				<u>20,250,165</u>
<i>Net Position End of Year</i>				<u>\$ 22,094,360</u>

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage County, Ohio
Balance Sheet
Governmental Funds
June 30, 2014

	General	Classroom Facilities Maintenance Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 2,440,476	\$ 2,238,985	\$ 1,190,999	\$ 5,870,460
Inventory Held For Resale	0	0	9,288	9,288
Receivables:				
Interfund	91,533	0	0	91,533
Intergovernmental	486,720	0	203,343	690,063
Property Taxes	7,100,555	113,486	943,849	8,157,890
<i>Total Assets</i>	<u>\$ 10,119,284</u>	<u>\$ 2,352,471</u>	<u>\$ 2,347,479</u>	<u>\$ 14,819,234</u>
Liabilities				
Accounts Payable	\$ 27,998	\$ 7,380	\$ 35,941	\$ 71,319
Accrued Wages and Benefits	1,725,997	0	141,050	1,867,047
Intergovernmental Payable	476,701	0	31,615	508,316
Matured Compensated Absences Payable	157,725	0	0	157,725
Interfund Payable	0	0	91,533	91,533
<i>Total Liabilities</i>	<u>2,388,421</u>	<u>7,380</u>	<u>300,139</u>	<u>2,695,940</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	5,481,646	87,205	728,594	6,297,445
Unavailable Revenue	631,290	4,159	190,082	825,531
<i>Total Deferred Inflows of Resources</i>	<u>6,112,936</u>	<u>91,364</u>	<u>918,676</u>	<u>7,122,976</u>
Fund Balances				
Restricted	0	2,253,727	1,298,565	3,552,292
Committed	11,000	0	0	11,000
Assigned	150,546	0	0	150,546
Unassigned	1,456,381	0	(169,901)	1,286,480
<i>Total Fund Balances</i>	<u>1,617,927</u>	<u>2,253,727</u>	<u>1,128,664</u>	<u>5,000,318</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 10,119,284</u>	<u>\$ 2,352,471</u>	<u>\$ 2,347,479</u>	<u>\$ 14,819,234</u>

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances		\$ 5,000,318
 <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.		24,656,434
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 511,618	
Property Taxes	<u>313,913</u>	825,531
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(16,524)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(4,865,000)	
Capital Appreciation Bonds	(39,978)	
Bond Premium	(186,597)	
Refunding Loss	101,631	
Accretion of Interest - Capital Appreciation Bonds	(46,867)	
Capital Lease Obligation	(1,921,600)	
Early Retirement Incentive	(160,000)	
Compensated Absences	<u>(1,252,988)</u>	<u>(8,371,399)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 22,094,360</u>

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Classroom Facilities Maintenance Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 7,652,143	\$ 172,958	\$ 966,610	\$ 8,791,711
Intergovernmental	11,829,772	55,121	1,406,829	13,291,722
Investment Income	38,843	0	0	38,843
Tuition and Fees	1,194,119	0	0	1,194,119
Extracurricular Activities	137,885	0	96,866	234,751
Rentals	8,676	0	0	8,676
Charges for Services	144	0	229,495	229,639
Contributions and Donations	28,709	0	9,408	38,117
Miscellaneous	142,361	0	2,450	144,811
<i>Total Revenues</i>	<u>21,032,652</u>	<u>228,079</u>	<u>2,711,658</u>	<u>23,972,389</u>
Expenditures				
Current:				
Instruction:				
Regular	8,503,141	0	195,677	8,698,818
Special	2,265,626	0	603,785	2,869,411
Vocational	174,348	0	0	174,348
Adult Education	173	0	0	173
Student Intervention Services	103,921	0	63,467	167,388
Other	1,135,262	0	0	1,135,262
Support Services:				
Pupils	859,553	0	0	859,553
Instructional Staff	113,219	0	0	113,219
Board of Education	18,565	0	0	18,565
Administration	1,856,875	0	17,055	1,873,930
Fiscal	526,492	2,307	19,117	547,916
Business	53,596	0	0	53,596
Operation and Maintenance of Plant	1,856,751	57,807	6,497	1,921,055
Pupil Transportation	1,407,601	0	104,352	1,511,953
Central	495,540	0	7,200	502,740
Extracurricular Activities	424,762	0	123,712	548,474
Operation of Non-Instructional Services:				
Food Service Operations	0	0	558,346	558,346
Capital Outlay	0	492,590	2,335,996	2,828,586
Debt Service:				
Principal Retirement	201,900	0	450,000	651,900
Interest and Fiscal Charges	52,112	0	151,863	203,975
<i>Total Expenditures</i>	<u>20,049,437</u>	<u>552,704</u>	<u>4,637,067</u>	<u>25,239,208</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>983,215</u>	<u>(324,625)</u>	<u>(1,925,409)</u>	<u>(1,266,819)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,413	0	0	1,413
Insurance Recoveries	1,230	0	0	1,230
Transfers In	0	0	64,136	64,136
Transfers Out	(64,136)	0	0	(64,136)
<i>Total Other Financing Sources (Uses)</i>	<u>(61,493)</u>	<u>0</u>	<u>64,136</u>	<u>2,643</u>
<i>Net Change in Fund Balance</i>	921,722	(324,625)	(1,861,273)	(1,264,176)
<i>Fund Balances Beginning of Year</i>	<u>696,205</u>	<u>2,578,352</u>	<u>2,989,937</u>	<u>6,264,494</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,617,927</u>	<u>\$ 2,253,727</u>	<u>\$ 1,128,664</u>	<u>\$ 5,000,318</u>

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage 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 \$ (1,264,176)

*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 is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Asset Additions	\$ 2,777,494	
Current Year Depreciation	(798,350)	1,979,144

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

Property Taxes	8,830	
Intergovernmental	(169,546)	(160,716)

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

651,900

In the statement of activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.

Accrued Interest Payable	727	
Amortization of Issuance Costs*	(93,660)	
Amortization of Premium on Bonds	19,138	
Amortization of Refunding Loss	(10,424)	(84,219)

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.

Compensated Absences	429,152	
Early Retirement Incentive	310,000	739,152

Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.

(16,890)

Change in Net Position of Governmental Activities

\$ 1,844,195

*Prior year bond issuance costs were written off in the current year (immaterial) with the implementation of GASB 65.

Crestwood Local School District
Portage 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			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 6,764,338	\$ 6,790,439	\$ 6,849,686	\$ 59,247
Intergovernmental	11,682,371	11,727,449	11,829,772	102,323
Investment Income	20,445	20,524	20,703	179
Tuition and Fees	1,043,660	1,047,687	1,056,828	9,141
Extracurricular Activities	111,257	111,687	112,661	974
Rentals	4,109	4,125	4,161	36
Charges for Services	142	143	144	1
Contributions and Donations	717	720	726	6
Miscellaneous	49,071	49,260	49,690	430
<i>Total Revenues</i>	<u>19,676,110</u>	<u>19,752,034</u>	<u>19,924,371</u>	<u>172,337</u>
Expenditures				
Current:				
Instruction:				
Regular	8,265,260	8,279,828	8,176,341	103,487
Special	2,333,157	2,337,269	2,308,056	29,213
Vocational	181,551	181,871	179,598	2,273
Student Intervention Services	105,051	105,236	103,921	1,315
Other	1,098,532	1,100,468	1,086,714	13,754
Support Services:				
Pupils	865,848	867,374	856,533	10,841
Instructional Staff	185,177	185,504	183,185	2,319
Board of Education	18,690	18,723	18,489	234
Administration	1,902,421	1,905,774	1,881,954	23,820
Fiscal	538,019	538,967	532,231	6,736
Business	54,179	54,274	53,596	678
Operation and Maintenance of Plant	1,942,680	1,946,104	1,921,780	24,324
Pupil Transportation	1,428,009	1,430,526	1,412,646	17,880
Central	503,792	504,680	498,372	6,308
Extracurricular Activities	384,077	384,754	379,945	4,809
Debt Service:				
Principal Retirement	204,096	204,455	201,900	2,555
Interest and Fiscal Charges	52,679	52,772	52,112	660
<i>Total Expenditures</i>	<u>20,063,218</u>	<u>20,098,579</u>	<u>19,847,373</u>	<u>251,206</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(387,108)</u>	<u>(346,545)</u>	<u>76,998</u>	<u>423,543</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,395	1,401	1,413	12
Refund of Prior Year Expenditures	81,784	82,100	82,816	716
Insurance Recoveries	1,215	1,219	1,230	11
Advances In	18,441	18,512	18,674	162
Advances Out	(34,435)	(34,496)	(34,065)	431
Transfers Out	(79,755)	(79,896)	(78,897)	999
<i>Total Other Financing Sources (Uses)</i>	<u>(11,355)</u>	<u>(11,160)</u>	<u>(8,829)</u>	<u>2,331</u>
<i>Net Change in Fund Balance</i>	(398,463)	(357,705)	68,169	425,874
<i>Fund Balance Beginning of Year</i>	2,010,937	2,010,937	2,010,937	0
Prior Year Encumbrances Appropriated	155,090	155,090	155,090	0
<i>Fund Balance End of Year</i>	<u>\$ 1,767,564</u>	<u>\$ 1,808,322</u>	<u>\$ 2,234,196</u>	<u>\$ 425,874</u>

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 89,415	\$ 107,218	\$ 109,779	\$ 2,561
Intergovernmental	44,896	53,835	55,121	1,286
<i>Total Revenues</i>	<u>134,311</u>	<u>161,053</u>	<u>164,900</u>	<u>3,847</u>
Expenditures				
Current:				
Instruction:				
Fiscal	2,350	2,425	2,307	118
Operation and Maintenance of Plant	61,665	58,812	60,549	(1,737)
Capital Outlay	501,672	543,000	492,590	50,410
<i>Total Expenditures</i>	<u>565,687</u>	<u>604,237</u>	<u>555,446</u>	<u>48,791</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(431,376)</u>	<u>(443,184)</u>	<u>(390,546)</u>	<u>52,638</u>
Other Financing Sources (Uses)				
Transfers In	40,725	48,833	50,000	1,167
<i>Net Change in Fund Balance</i>	(390,651)	(394,351)	(340,546)	53,805
<i>Fund Balance Beginning of Year</i>	2,026,864	2,026,864	2,026,864	0
Prior Year Encumbrances Appropriated	545,287	545,287	545,287	0
<i>Fund Balance End of Year</i>	<u>\$ 2,181,500</u>	<u>\$ 2,177,800</u>	<u>\$ 2,231,605</u>	<u>\$ 53,805</u>

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 2,404	\$ 71,649
Cash and Cash Equivalents in Segregated Accounts	44,316	0
<i>Total Assets</i>	<u>46,720</u>	<u>\$ 71,649</u>
Liabilities		
Accounts Payable	0	\$ 226
Due to Students	0	71,423
<i>Total Liabilities</i>	<u>0</u>	<u>\$ 71,649</u>
Net Position		
Held in Trust for Scholarships	<u>\$ 46,720</u>	

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	<u>Private Purpose Trust</u>
Additions	
Investment Earnings	<u>\$ 255</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>2,004</u>
<i>Change in Net Position</i>	(1,749)
<i>Net Position Beginning of Year</i>	<u>48,469</u>
<i>Net Position End of Year</i>	<u>\$ 46,720</u>

See accompanying notes to the basic financial statements.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Crestwood Local School District (the “School District”) was formed in 1956 from a consolidation of the Mantua and Shalersville Township Schools. In 1964, the Hiram Township Schools joined the School District which currently covers seventy-five square miles.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. The Board controls the School District’s four instructional/support facilities staffed by non-certified employees and certified full time teaching and support personnel who provide services to students and other community members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the School District’s accounting policies are shown below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 61, *Omnibus-An Amendment of GASB Statements No. 14 and 34*. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The following organizations are described due to their relationship to the School District:

JOINTLY GOVERNED ORGANIZATIONS

Stark-Portage Area Computer Consortium (SPARCC)

The School District is a member of SPARCC. SPARCC is the computer service organization or Data Acquisition Site (DAS) used by the School District. SPARCC is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Stark County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All school districts in the consortium are required to pay fees, charges and assessments as charged. A Board made up of superintendents from all of the participating school districts governs SPARCC. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to SPARCC are made from the general fund. During the fiscal year, the School District paid \$75,147 to SPARCC.

Portage County School Consortium (the "Consortium")

The School District is a member of the Portage County School Consortium, an insurance group - purchasing consortium made up of thirteen districts in Portage County. All member districts pay an insurance premium directly to the Consortium. The School District paid \$2,816,761 in the form of insurance premiums to the Consortium during the fiscal year.

Maplewood Career Center (the "Center")

The Maplewood Career Center is located in Portage County and offers vocational training to the School District's students in the 11th and 12th grades. Although the School District is represented on the Board of Education of the Center by appointing a member to a three-year term, any financial support of the Center is generated directly the Center through a county-wide tax levy and state-supported pupil basic aid. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility.

B. Fund Accounting

The School District uses funds to maintain its financial records during the 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. The School District has no proprietary funds.

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 School District's major governmental funds:

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

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Classroom Facilities Maintenance Fund The classroom facilities special revenue fund accounts for monies received from a special levy for maintenance of facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund is used to account for student managed activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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 School 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 School District.

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

Fund Financial Statements Fund financial statements report detailed information about the School 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 nonmajor 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 and deferred outflows of resources and 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The private purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does 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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 School District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.)

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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School 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 Inflows of Resources and Deferred Outflows of Resources

A deferred inflow of resources is an acquisition of assets by the School District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of assets by the School District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources in governmental funds.

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

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

On the accrual basis of accounting, unamortized deferred charges on debt refunding are reported as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with legal restriction and appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budgeted revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2014. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

F. Cash and Investments

To improve cash management, cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2014, the School District investments were limited to federal securities, commercial paper, money market funds, a U.S. Treasury note and non-negotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

Under existing Ohio statutes, all investment earnings are assigned to the general fund except for those specifically related to the building capital projects fund (a nonmajor governmental fund), or certain trust funds individually authorized by board resolution. Investment earnings credited to the general fund during fiscal year 2014 amounted to a loss of \$38,843 which includes \$24,778 assigned from other School District funds.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

For presentation on the basic 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 School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

G. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method, which means that the costs of inventory items are recorded as expenditures in the governmental funds when consumed. Inventories consist of donated and purchased food held for resale.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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 in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School 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.

All reported capital assets, except 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	40 - 50 Years
Buildings	30 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	5 - 20 Years

I. Interfund Balances

On 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 column on the statement of net position.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

J. Compensated Absences

GASB No. 16, *Accounting for Compensated Absences* specifies the method used to accrue liabilities for leave benefits. 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 employer will compensate the employees for the benefits through paid time off or some other means. The School 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 termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School 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 policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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 School 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.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2014, there was no net position restricted by enabling legislation.

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

N. Estimates

The preparation of the basic 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.

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds as expenditures 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 to the funds that initially paid for them are not presented on the basic financial statements.

P. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2014, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2014 financial statements; however, there was no effect on beginning net position/fund balance.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 School District.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

NOTE 3 – ACCOUNTABILITY

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

	<u>Deficit</u> <u>Fund Balance</u>
Nonmajor Governmental Funds:	
Food Service	\$ 93,814
Preschool for Handicapped	49
Resident Educator	10
IDEA Part B	37,062
Title I	31,533
Improving Teacher Quality	7,433

The deficits in these governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in the non-major governmental funds and will provide transfers when cash is required, not when accruals occur.

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

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

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 5 years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2014, the School District and public depositories complied with the provisions of these statutes.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

A. Cash on Hand

At fiscal year-end, the School District had \$3,870 in undeposited cash on hand which is included on the financial statements of the School District as part of “equity in pooled cash and investments.”

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all the School District deposits was \$2,968,273. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2014, \$2,455,037 of the School District’s bank balance of \$3,205,396 was exposed to custodial risk as discussed below, while \$750,359 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of the bank failure, the School 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 uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District. The School 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 School District to a successful claim by the FDIC.

C. Investments

At June 30, 2014, the School District had the following investments and maturities:

	Fair Value	% of Investment				Moody's Credit Rating
		Total	0-1 Year	1-5 Years		
Federal Farm Credit Bank	\$ 301,354	9.99%	\$ 0	\$ 301,354	Aaa	
Commercial Paper	299,841	9.94%	299,841	0	P-1	
Federal Home Loan Mortgage Corporation	1,011,015	33.52%	0	1,011,015	Aaa	
Federal National Mortgage Association	1,194,745	39.60%	0	1,194,745	Aaa	
U.S. Treasury Note	200,376	6.64%	0	200,376	Aaa	
Money Market Funds	9,355	0.31%	9,355	0	Aaa	
	<u>\$ 3,016,686</u>	<u>100.00%</u>	<u>\$ 309,196</u>	<u>\$ 2,707,490</u>		

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from rising interest rates and according to State law, the School District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The School District’s investments credit ratings are summarized in the table above.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the School 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 School 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 School District places no limit on the amount that may be invested in any one issuer. The percentage of each investment type held by the School District at June 30, 2014 is included in the table above.

NOTE 5 – INTERFUND ACTIVITY

A. Interfund Balances

As of June 30, 2014 receivables and payables that resulted from cash advances from the general fund to other funds were as follows:

	Interfund Receivable	Interfund Payable
Fund:		
General	\$ 91,533	\$ 0
Other Governmental		
Food Service	0	40,148
Local Government Innovation	0	41,907
Title I	0	9,478
Total	\$ 91,533	\$ 91,533

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2014 are reported on the statement of net position.

B. Interfund Transfers

During fiscal year 2014, the General Fund transferred \$43,316, \$631, and \$20,189 to the Food Service Fund, the Other Grants Fund and the Athletics Fund, respectively, to cover expenditures.

The Permanent Improvement Fund transferred money to the Classroom Facilities Maintenance Fund in accordance with the maintenance business plan. On the modified and accrual basis, this transfer is reclassified to property tax revenues.

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 expand them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

NOTE 6 – PROPERTY TAXES

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

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

Public utility property tax revenue received in calendar year 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 School District receives property taxes from Portage County. The County Auditor periodically advances to the School 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 as an advance at June 30, 2014 was \$1,345,033 in the general fund, \$22,122 in the classroom facilities maintenance fund, \$109,028 in the bond retirement fund and \$70,349 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013, was \$542,576 in the general fund, \$8,943 in classroom facilities maintenance fund, \$43,850 in the bond retirement fund and \$28,842 in the permanent improvement fund,. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal 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 by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

	<u>2013 Second Half Collections</u>		<u>2014 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Estate	\$ 278,696,500	96.07%	\$ 279,269,310	95.71%
Public Utility Personal Property	11,412,650	3.93%	12,506,170	4.29%
Total	\$ 290,109,150	100.00%	\$ 291,775,480	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$ 51.93		\$ 51.91	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, interfund, intergovernmental grants and entitlements. 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 fiscal year guarantee of federal funds. All receivables are expected to be collected within the subsequent year.

NOTE 8 – CAPITAL ASSETS

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

	<u>Balance 6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2014</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,529,042	\$ 0	\$ 0	\$ 1,529,042
Construction in Process	484,579	2,635,606	(3,120,185)	0
<i>Total Capital Assets, not being depreciated:</i>	<u>2,013,621</u>	<u>2,635,606</u>	<u>(3,120,185)</u>	<u>1,529,042</u>
<i>Capital Assets, being depreciated:</i>				
Land improvements	1,288,072	13,000	0	1,301,072
Buildings	24,038,943	3,149,535	0	27,188,478
Furniture and equipment	3,379,589	9,600	(55,038)	3,334,151
Vehicles	2,698,088	89,938	(68,561)	2,719,465
Total Capital Assets, being depreciated	<u>31,404,692</u>	<u>3,262,073</u>	<u>(123,599)</u>	<u>34,543,166</u>
<i>Less Accumulated Depreciation:</i>				
Land improvements	(208,808)	(33,793)	0	(242,601)
Buildings	(6,381,000)	(484,556)	0	(6,865,556)
Furniture and equipment	(2,145,411)	(140,223)	55,038	(2,230,596)
Vehicles	(2,005,804)	(139,778)	68,561	(2,077,021)
Total Accumulated Depreciation	<u>(10,741,023)</u>	<u>(798,350)</u>	<u>123,599</u>	<u>(11,415,774)</u>
Total Capital Assets being depreciated, net	<u>20,663,669</u>	<u>2,463,723</u>	<u>0</u>	<u>23,127,392</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 22,677,290</u>	<u>\$ 5,099,329</u>	<u>\$ (3,120,185)</u>	<u>\$ 24,656,434</u>

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Depreciation expense was charged to governmental functions as follows:

Instruction:			
Regular	\$	553,110	
Special		1,112	
Support Services:			
Pupils		2,821	
Instructional Staff		305	
Administration		39,637	
Fiscal		627	
Operation and Maintenance of Plant		30,169	
Pupil Transportation		145,462	
Central		2,771	
Extracurricular Activities		17,889	
Food Service Operations		4,447	
	\$	798,350	

NOTE 9 – LONG-TERM OBLIGATIONS

During the fiscal year 2014 the following changes occurred in governmental activities long-term obligations:

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014	Amount Due in One Year
General Obligation Bonds:					
2011 Refunding Bonds					
Serial and Term Bonds 2.00-4.00%	\$ 5,315,000	\$ 0	\$ (450,000)	\$ 4,865,000	\$ 465,000
Capital Appreciation Bonds	39,978	0	0	39,978	0
Accreted Interest	29,977	16,890	0	46,867	0
Unamortized Premium	205,735	0	(19,138)	186,597	0
Total General Obligations Bonds	5,590,690	16,890	(469,138)	5,138,442	465,000
Other Liabilities:					
Lease Purchase	2,123,500	0	(201,900)	1,921,600	204,400
Compensated Absences	1,682,140	70,821	(499,973)	1,252,988	94,967
Early Retirement Incentive	470,000	70,000	(380,000)	160,000	160,000
Total Other Liabilities	4,275,640	140,821	(1,081,873)	3,334,588	459,367
Total	\$ 9,866,330	\$ 157,711	\$ (1,551,011)	\$ 8,473,030	\$ 924,367

Compensated absences will be paid from the fund from which the person is paid. In prior years, this has primarily been the general fund. The early retirement incentive will also be paid from the general fund.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District provided an early retirement incentive plan for employees through June 30, 2012. Employees who enrolled in the early retirement incentive plan must have declared their intention to retire before each year end. Certified employees will receive a \$30,000 incentive. The incentive plus severance pay will be paid in three, five or eight equal annual installments. Payments will begin after second month of retirement.

Classified employees received a \$15,000 incentive plus severance, which will be paid in five equal annual payments. A liability for the early retirement incentive payments has been recorded in the statement of net position.

The School District provides a contractual notification incentive plan for employees beginning in fiscal year 2013. Employees who enroll in the contractual notification incentive plan must declare their intention to retire before the end of the first semester. Certified employees will receive a \$10,000 incentive. Classified employees will receive a \$3,000 incentive. 50 percent of the contractual notification incentive plan is paid in one year with the remaining 50 percent paid in the next calendar year. A liability for the contractual notification incentive plan has been included in the early retirement incentive plan liability in the statement of net position. 7 employees took advantage of the early retirement incentive in fiscal year 2014.

On March 30, 2011, the School District issued \$5,799,978 in voted general obligation bonds, which included serial and capital appreciation (deep discount) bonds in the amount of \$5,760,000 and \$39,978, respectively. The bonds advance refunded \$5,660,000 of outstanding 2001 Classroom Facilities General Obligation Bonds and \$140,000 of outstanding 2001 Site Acquisition General Obligation Bonds. The bonds were issued for a nineteen year period with final maturities at December 31, 2024. The bonds are being repaid from the bond retirement fund.

At the date of refunding, \$5,799,978 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. The advance refunding reduced cash flows required for debt service by \$639,976 over the next thirteen years and resulted in an economic gain of \$461,609. As a result, \$5,800,000 of the 2001 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The bonds were issued with a premium of \$248,795, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2014 was \$19,138. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$132,903. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2014 was \$10,424.

The bond issue consists of serial and capital appreciation bonds. The serial bonds were issued with an interest rate of 2.0-4.0 percent.

The current interest bonds maturing on or after December 1, 2019 are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000) or any date on or after December 1, 2018, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The capital appreciation bonds will mature December 1, 2019. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as interest expense. The maturity amount of the bonds is \$280,000. The fiscal year 2014 accretion amount is \$16,890.

In fiscal year 2013, the School District entered into a lease purchase agreement with Huntington Public Capital Corporation to finance the energy conservation project in the amount of \$2,123,500. The lease agreement required the School District to establish an escrow account. The proceeds will be used to make various upgrades throughout the high school, middle school, bus garage and the field house. The lease issued for a nineteen year period with final maturities at December 1, 2022. The lease is being paid from the general fund.

The following is a summary of the future debt service requirements to maturity for the long-term debt:

Fiscal Year Ending June 30	Current Interest Bonds		Lease Purchase		Capital Appreciation Bond		Early Retirement	Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Incentive	Principal	Interest
2015	\$ 465,000	\$142,712	\$ 204,400	\$ 49,577	\$ 0	\$ 0	\$ 160,000	\$ 829,400	\$ 192,289
2016	475,000	133,312	209,800	44,125	0	0	0	684,800	177,437
2017	485,000	123,106	215,400	38,528	0	0	0	700,400	161,634
2018	490,000	111,525	221,200	32,782	0	0	0	711,200	144,307
2019	500,000	97,900	227,100	26,882	0	0	0	727,100	124,782
2020 - 2024	2,450,000	265,350	843,700	45,303	39,978	240,022	0	3,333,678	550,675
Total	<u>\$4,865,000</u>	<u>\$873,905</u>	<u>\$1,921,600</u>	<u>\$237,197</u>	<u>\$ 39,978</u>	<u>\$240,022</u>	<u>\$ 160,000</u>	<u>\$6,986,578</u>	<u>\$1,351,124</u>

NOTE 10 – RISK MANAGEMENT

The School 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

A. Property and Liability

The School District is a member of the Portage County School Consortium (the “Consortium”) for health insurance for the School District’s employees. The Consortium was established in 1983 so that thirteen educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Consortium is organized into two distinct entities to facilitate its risk management operations. The Property and Casualty Insurance Pool function is to manage the member districts’ physical property and liability risks. The Health and Welfare Trust is to facilitate the management of risks associated with providing employee benefits and coverage, such as health and accident insurance and life insurance. The School District participates both in the Health and Welfare Trust and Property and Casualty Insurance Pool of the Consortium. The Consortium retains a third-party administrator to facilitate the operation of the Health and Welfare Trust.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District pays all insurance premiums directly to the Consortium. Although the School District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board as provided in the Consortium's enabling authority. Although the School District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims. Settlements for the past three fiscal years have not exceeded the insurance coverage.

As part of the Property and Casualty Insurance Pool, the School District contracted with Ohio Casualty Insurance for property, employee bonding, and for general liability insurance during fiscal year 2014.

B. Workers' Compensation

The School District is a member of the Ohio School Boards Association (OSBA) Worker's Compensation Group Rating Program established in April 1991. The program was created by the OSBA as a result of the Worker's Compensation group rating plan as defined in Section 4123.29 of the Ohio Revised Code. The group ratings program allows districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

The School District pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 11 – PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$451,053, \$433,252 and \$427,632, respectively; 90 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District’s required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,154,913, \$1,145,931 and \$1,241,353, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$9,724 made by the School District and \$7,640 made by the plan members.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 12: POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. 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 actuarially determined amount was \$20,250.

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

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013, and 2012 were \$56,230, \$55,142, and \$68,443, respectively; 90 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$26,168, \$24,474, and \$25,354, respectively; 90 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 School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. 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.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$88,839, \$88,149, and \$95,489, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

NOTE 13 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance 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 and disbursements.

The statement of revenues, expenditures and changes in fund balance – budget and actual (non-GAAP budgetary basis) presented for the general and classroom facilities maintenance funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a assigned of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- (e) Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general and classroom facilities maintenance funds are as follows:

	General	Classroom Facilities Maintenance
GAAP Basis	\$ 921,722	\$ (324,625)
Net Adjustment for Revenue Accruals	(851,754)	(13,179)
Advance In	18,674	0
Net Adjustment for Expenditure Accruals	106,826	4,638
Advance Out	(34,065)	0
Adjustment for Encumbrances	(87,011)	(7,380)
Funds Budgeted Elsewhere **	(6,223)	0
Budget Basis	\$ 68,169	\$ (340,546)

** As part of Governmental Accounting Standards Board Statement 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 public school support, uniform school supplies, underground storage tank and vending machine funds.

NOTE 14 – CONTINGENCIES

A. Grants

The School 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

NOTE 15 – STATUTORY RESERVES

The School District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2014, the reserve activity was as follows:

	Capital Acquisition
Set Aside Reserve Balance June 30, 2013	\$ 0
Current Year Set Aside Requirement	338,614
Current year offsets	(617,431)
 Total	 \$ (278,817)
 Balance carried forward to fiscal year 2015	 \$ 0

The School District had enough current year offsets to reduce the set-aside amount below zero for the capital acquisition reserve; however, this amount may not be carried forward to future years.

NOTE 16 – COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District’s commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General Fund	\$ 59,289
Other Governmental	80,975
Total Governmental Funds	\$ 140,264

Crestwood Local School District
Portage County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 17 – FUND BALANCE

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

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

	General	Classroom Facilities Maintenance	Other Governmental	Total
Restricted for:				
Debt Service	\$ 0	\$ 0	\$ 645,818	\$ 645,818
Capital Outlay	0	0	624,742	624,742
Classroom Facilities Maintenance	0	2,253,727	0	2,253,727
Other Purposes	0	0	28,005	28,005
Total Restricted	0	2,253,727	1,298,565	3,552,292
Committed for:				
Underground Storage Tanks	11,000	0	0	11,000
Assigned for:				
Encumbrances				
Instruction	15,148	0	0	15,148
Support Services	43,910	0	0	43,910
Educational Activities	35,692	0	0	35,692
Public School Support	55,796	0	0	55,796
Total Assigned	150,546	0	0	150,546
Unassigned	1,456,381	0	(169,901)	1,286,480
Total Fund Balance	\$ 1,617,927	\$ 2,253,727	\$ 1,128,664	\$ 5,000,318

November 3, 2014

The Board of Education
Crestwood Local School District
4565 West Prospect Street
Mantua, Ohio 44255

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestwood Local School District, Portage County, Ohio (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kea & Associates, Inc.

Medina, Ohio

November 3, 2014

The Board of Education
Crestwood Local School District
4565 West Prospect Street
Mantua, Ohio 44255

**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance Required by OMB Circular A-133**

Report on Compliance for Each Major Federal Program

We have audited Crestwood Local School District's, Portage County, Ohio (the School District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2014. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Medina, Ohio

Crestwood Local School District
Portage County, Ohio
Schedule of Expenditures of Federal Awards - Cash Basis
For the Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Program Year	Federal Receipts	Federal Disbursements
U. S. Department of Education (Passed Through Ohio Department of Education):				
Title I:				
Title I	84.010	2013	\$ 48,811	\$ 60,259
Title I	84.010	2014	246,308	255,787
Title I - Delinquent	84.010	2013	4,832	0
Title I - Delinquent	84.010	2014	42,256	42,256
Total Title I			342,207	358,302
Special Education Cluster:				
Special Education - Grants to States	84.027	2013	63,347	55,292
Special Education - Grants to States	84.027	2014	337,895	334,837
Preschool Program - ESC	84.173	2014	9,094	9,094
Total Special Education Cluster			410,336	399,223
Title II-A - Improving Teacher Quality	84.367	2013	7,117	8,518
Title II-A - Improving Teacher Quality	84.367	2014	65,568	65,198
Total Title II-A - Improving Teacher Quality			72,685	73,716
Resident Educator	84.395	2014	1,400	1,400
Total U.S. Department of Education			826,628	832,641
U. S. Department of Agriculture (Passed Through Ohio Department of Education):				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	10.555	N/A	39,900	39,900
Cash Assistance:				
School Breakfast Program	10.553	N/A	38,043	38,043
National School Lunch Program	10.555	N/A	197,961	197,961
Total Nutrition Cluster			275,904	275,904
Total U.S. Department of Agriculture			275,904	275,904
Total Federal Assistance			\$ 1,102,532	\$ 1,108,545

See accompanying notes to this schedule

**Crestwood Local School District
Portage County, Ohio**

*Notes to the Schedule of Expenditures of Federal Awards – Cash Basis
For the Fiscal Year Ended June 30, 2014*

Note A - Child Nutrition Cluster

Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

Note B – Food Donation Program

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

Crestwood Local School District
Portage County, Ohio
Schedule of Findings and Questioned Costs
OMB Circular A-133 , Section .505
June 30, 2014

1. SUMMARY OF AUDITOR'S RESULTS
--

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Title I	CFDA #84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None noted.



Dave Yost • Auditor of State

CRESTWOOD LOCAL SCHOOL DISTRICT

PORTAGE 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
DECEMBER 11, 2014**