



OHIO AUDITOR OF STATE
KEITH FABER



**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
JUNE 30, 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	3
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 the 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 Fund Net Position	
Proprietary Fund.....	20
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund.....	21
Statement of Cash Flows	
Proprietary Fund.....	22
Statement of Net Position	
Fiduciary Fund.....	23
Notes to the Basic Financial Statements.....	25

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
JUNE 30, 2018**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability (School Employees Retirement System of Ohio (SERS))	64
Schedule of the School District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System of Ohio (STRS))	65
Schedule of the School District's Pension Contributions (School Employees Retirement System of Ohio (SERS))	66
Schedule of the School District's Pension Contributions (State Teachers Retirement System of Ohio (STRS))	67
Schedule of the School District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System of Ohio (SERS))	68
Schedule of the School District's Proportionate Share of the Net OPEB Liability (State Employees Retirement System of Ohio (STRS))	69
Schedule of the School District's OPEB Contributions (School Employees Retirement System of Ohio (SERS))	70
Schedule of the School District's OPEB Contributions (State Teachers Retirement System of Ohio (STRS))	71
Notes to Required Supplementary Information	72
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	75

OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Crestview Local School District
Columbiana County
44100 Crestview Rd #A
Columbiana, Ohio 44408

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crestview Local School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crestview Local School District, Columbiana County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

April 24, 2019

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The discussion and analysis of the financial performance of Crestview Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

In total, net position increased \$5,309,163 from fiscal year 2017, due to decreases in the net pension and OPEB liabilities. The effects of GASB 68 and 75 greatly distort the comparative analysis to follow in this MD&A due to the significant reduction to total expenses on a full accrual basis.

General revenues accounted for \$11,076,441, or approximately 73 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$4,016,881 or 27 percent of total revenues of \$15,093,322.

The District's major funds included the General Fund and the Permanent Improvement Capital Projects Fund. On the modified accrual basis, the General Fund had \$13,335,248 in revenues and \$13,570,890 in expenditures. The General Fund's balance decreased \$235,462 from the prior fiscal year. The Permanent Improvement Capital Projects Fund had \$827,430 in revenues and \$736,199 in expenditures. The Permanent Improvement Capital Projects Fund balance increased \$91,231 from the previous fiscal year.

For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB), resulting in the restatement of beginning net position from the previously reported (\$2,730,055), to (\$6,644,538).

The District's total net pension liability decreased to \$14,238,180 from \$18,837,093 and the OPEB liability decreased to \$3,166,344 from \$3,940,929, or over \$5 million. For more information on this liability see Notes 14 and 15 to the basic financial statements.

Using the Basic Financial Statements

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

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

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities reflect how the District did financially during fiscal year 2018. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and statement of activities, the District discloses a single type of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

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

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

The District as a Whole

Table 1 provides a summary of net position for fiscal year 2018 compared to fiscal year 2017.

Net Position (Table 1)			
Governmental Activities			
	2018	(Restated) 2017	Change
	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets			
Current and Other Assets	\$5,735,414	\$6,208,310	(\$472,896)
Capital Assets, Net	<u>14,076,842</u>	<u>14,656,009</u>	<u>(579,167)</u>
<i>Total Assets</i>	<u>19,812,256</u>	<u>20,864,319</u>	<u>(1,052,063)</u>
Deferred Outflows of Resources			
Pension	4,907,760	3,655,021	1,252,739
OPEB	<u>150,014</u>	<u>26,446</u>	<u>123,568</u>
<i>Total Deferred Outflows of Resources</i>	<u>5,057,774</u>	<u>3,681,467</u>	<u>1,376,307</u>
Liabilities			
Current Liabilities	1,615,749	1,830,693	214,944
Long-Term Liabilities			
Due within One Year	329,443	323,773	(5,670)
Due in More than One Year:			
Net Pension Liability	14,238,180	18,837,093	4,598,913
Net OPEB Liability	3,166,344	3,940,929	774,585
Other Amounts	<u>3,495,836</u>	<u>3,694,750</u>	<u>198,914</u>
<i>Total Liabilities</i>	<u>22,845,552</u>	<u>28,627,238</u>	<u>5,781,686</u>
Deferred Inflows of Resources			
Property Taxes	2,513,259	2,563,086	49,827
Pension	489,521	0	(489,521)
OPEB	<u>357,073</u>	<u>0</u>	<u>(357,073)</u>
<i>Total Deferred Inflows of Resources</i>	<u>3,359,853</u>	<u>2,563,086</u>	<u>(796,767)</u>
Net Position			
Net Investment in Capital Assets	10,784,216	11,062,404	(278,188)
Restricted	498,212	459,656	38,556
Unrestricted (Deficit)	<u>(12,617,803)</u>	<u>(18,166,598)</u>	<u>5,548,795</u>
<i>Total Net Position</i>	<u>(\$1,335,375)</u>	<u>(\$6,644,538)</u>	<u>\$5,309,163</u>

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. 2 Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the overall position of the District has increased as evidenced by the increase in net position of \$5,309,163. Table 2 reflects the changes in net position for fiscal year 2018 compared to fiscal year 2017.

Table 2
Change in Net Position
Governmental Activities

	2018	2017	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services and Sales	\$3,478,082	\$3,443,140	\$34,942
Operating Grants and Contributions	523,799	612,392	(88,593)
Capital Grants and Contributions	15,000	5,000	10,000
<i>Total Program Revenues</i>	<u>4,016,881</u>	<u>4,060,532</u>	<u>(43,651)</u>
General Revenues			
Property Taxes	2,733,347	2,686,115	47,232
Income Tax	1,355,472	1,202,790	152,682
Intergovernmental	6,901,773	6,841,974	59,799
Investment Earnings	34,246	25,386	8,860
Miscellaneous	51,603	96,864	(45,261)
<i>Total General Revenues</i>	<u>11,076,441</u>	<u>10,853,129</u>	<u>223,312</u>
<i>Total Revenues</i>	<u>\$15,093,322</u>	<u>\$14,913,661</u>	<u>\$179,661</u>
Program Expenses			
Instruction	4,490,525	8,952,659	4,462,134
Support Services	3,904,274	5,491,975	1,587,701
Operation of Non-Instructional/Food Services	515,704	602,312	86,608
Extracurricular Activities	610,378	423,156	(187,222)
Interest and Fiscal Charges	263,278	265,152	1,874
<i>Total Program Expenses</i>	<u>9,784,159</u>	<u>15,735,254</u>	<u>5,951,095</u>
<i>Increase (Decrease) in Net Position</i>	5,309,163	(821,593)	4,487,570
Net Position Beginning of Year - Restated	(6,644,538)	N/A	
<i>Net Position End of Year</i>	<u>(\$1,335,375)</u>	<u>(\$6,644,538)</u>	<u>\$5,309,163</u>

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$26,446 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$504,973. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 Program Expenses under GASB 75	\$9,784,159
Negative OPEB Expense under GASB 75	504,973
2018 Contractually Required Contributions	36,110
Adjusted 2018 Program Expenses	10,325,242
Total 2017 Program Expenses under GASB 75	15,735,254
Decrease in Program Expenses not Related to OPEB	(\$5,410,012)

The primary sources of revenue for governmental activities are derived from grants and entitlements and property and income taxes. These revenue sources represent approximately 73 percent of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for instruction, which totaled \$4,490,525 or 46 percent of total governmental expenses. Support service expenses totaled \$3,904,274, or 40 percent of total governmental expenses for fiscal year 2018. The effects of GASB 68 and 75 greatly distort this comparative analysis due to the significant impact changes made to cost of living adjustments enacted by the state pension board had on the District's share of the total pension/OPEB liability.

Governmental Activities

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

Table 3
Total and Net Cost of Program Services

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$4,490,525	\$1,276,408	\$8,952,659	\$5,686,340
Support Services	3,904,274	3,773,511	5,491,975	5,443,123
Operation of Non-Instructional/Food Services	515,704	16,364	602,312	64,238
Extracurricular Activities	610,378	437,717	423,156	215,869
Interest and Fiscal Charges	263,278	263,278	265,152	265,152
<i>Total Expenditures</i>	\$9,784,159	\$5,767,278	\$15,735,254	\$11,674,722

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The table above reflects how the District funds its programs through program revenues. Instructional services, support services, co-curricular activities, and interest charges rely heavily on general revenues, while non-instructional and food services were completely funded by program revenues during the fiscal year. The large decrease in instructional and support services is the byproduct of GASB 68 and 75 as previously discussed. To gain a better understanding of operations, please refer to the fund analysis on the next following pages.

The dependence upon property and income tax revenues and unrestricted state entitlements for governmental activities is apparent. 100 percent of all District expenses are supported through income and property taxes and unrestricted grants and entitlements this year. Program revenues supported nearly 41 percent of total expenses, while interest and miscellaneous revenues supported less than 1 percent.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund. Total governmental funds had revenues of \$15,086,684 and expenditures of \$15,304,165. The net overall decrease in fund balance was \$217,481 for the year.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2018, the District amended its General Fund budget as needed.

The variance between final budgeted and actual revenues was \$8,474, or less than 1 percent. This variance was the result of slightly more than estimated tuition and fees, intergovernmental and interest collections, and was not significant to total revenues collected. The variance between original budgeted and actual revenues was \$104,150 and was due mostly to higher than estimated collections for intergovernmental revenues. This variance is due to a conservative or "worst case scenario" approach applied to the original budget and the sale of land not anticipated at the beginning of the fiscal year.

Final expenditures were budgeted at \$14,119,208 while actual expenditures were \$13,718,839. The \$400,669 difference is primarily due to a conservative "worst case scenario" approach, and is not significant, as it is less than 3 percent of the total budget. The original budgeted expenditures of \$13,615,411 were increased to \$14,119,208 in the final budget for anticipated increases in total instruction costs. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the District had \$14,076,842 invested in capital assets (net of accumulated depreciation) for governmental activities. Table 4 shows fiscal year 2018 balances compared to fiscal year 2017:

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

	<u>2018</u>	<u>2017</u>
Land	\$622,865	\$431,074
Construction in Progress	0	191,791
Land Improvements	167,313	172,117
Buildings and Improvements	12,477,863	13,029,910
Furniture, Fixtures and Equipment	338,683	365,043
Vehicles	<u>470,118</u>	<u>466,074</u>
<i>Total</i>	<u><u>\$14,076,842</u></u>	<u><u>\$14,656,009</u></u>

All capital assets, except land and construction in progress, are reported net of depreciation. As one can see, the District had an overall decrease in capital assets of \$579,167. This decrease is due to the current year depreciation expense of \$670,476 and net deletions of \$97,292 exceeding capital asset additions of \$91,309.

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

Debt

As of June 30, 2018, the District's outstanding long-term debt obligations included \$3,146,841 in school construction bonds for the performing arts/auditorium project and a lease purchase agreement of \$137,626. At June 30, 2018, the District's overall legal debt margin was \$10,696,841, with an un-voted debt margin of \$118,854.

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

Current Issues

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

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

The District is also currently experiencing a flat resident enrollment. The District adopted an Open Enrollment Policy effective with the 2003 fiscal year. Currently for the 2018-2019 school year the District had a net open enrollment population of approximately 374 students.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

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

The Crestview Local School District is currently eligible for funding from OFCC. The District buildings were evaluated and it was determined that the State will only fund new construction, not renovation of the District facilities. Currently the District is eligible for 88 percent from the State. The estimated cost of the new facilities is approximately \$43,000,000 with a District share of that cost at approximately \$5,200,000. The District placed a 2.93 mil levy on the November 2018 ballot. The issue was narrowly defeated by 101 votes. It is the intention of the Board of Education to place the same issue on the May 2019 ballot.

Contacting the District's Financial Management

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

(This Page Intentionally Left Blank)

Crestview Local School District

Columbiana County, Ohio

*Statement of Net Position**June 30, 2018*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,091,603
Cash and Cash Equivalents:	
With Fiscal Agents	246,464
Accrued Interest Receivable	5,557
Accounts Receivable	5,040
Intergovernmental Receivable	969
Income Taxes Receivable	625,791
Property Taxes Receivable	2,656,213
Inventory Held for Resale	10,983
Materials and Supplies Inventory	44,996
Prepaid Items	43,598
Due from Agency Funds	4,200
Nondepreciable Capital Assets	622,865
Depreciable Capital Assets, Net	13,453,977
<i>Total Assets</i>	<u>19,812,256</u>
Deferred Outflows of Resources	
Pension	4,907,760
Other Postemployment Benefits	150,014
<i>Total Deferred Outflows of Resources</i>	<u>5,057,774</u>
Liabilities	
Accounts Payable	620
Accrued Wages and Benefits Payable	1,089,170
Intergovernmental Payable	335,600
Accrued Interest Payable	79,363
Claims Payable	110,996
Long-Term Liabilities:	
Due Within One Year	329,443
Due In More Than One Year:	
Net Pension Liability	14,238,180
Other Postemployment Benefits Liability	3,166,344
Other Amounts Due in More Than One Year	3,495,836
<i>Total Liabilities</i>	<u>22,845,552</u>
Deferred Inflows of Resources	
Property Taxes	2,513,259
Pension	489,521
Other Postemployment Benefits	357,073
<i>Total Deferred Inflows of Resources</i>	<u>3,359,853</u>
Net Position	
Net Investment in Capital Assets	10,784,216
Restricted for:	
Capital Projects	398,804
Other Purposes	99,408
Unrestricted (Deficit)	(12,617,803)
<i>Total Net Position</i>	<u><u>(\$1,335,375)</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Program Revenues			Net (Expense)	
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	
Expenses				Governmental Activities	
Governmental Activities					
Current:					
Instruction:					
Regular	\$3,049,037	\$2,738,679	\$54,868	\$0	(\$255,490)
Special	1,411,874	225,817	161,546	0	(1,024,511)
Vocational	5,803	16,065	0	0	10,262
Other	23,811	0	17,142	0	(6,669)
Support Services:					
Pupils	650,613	71,185	14,878	0	(564,550)
Instructional Staff	330,125	0	0	0	(330,125)
Board of Education	20,996	0	0	0	(20,996)
Administration	502,651	0	0	0	(502,651)
Fiscal	451,447	0	0	0	(451,447)
Business	856	0	0	0	(856)
Operation and Maintenance of Plant	1,282,100	0	1,689	15,000	(1,265,411)
Pupil Transportation	622,779	27,467	0	0	(595,312)
Central	42,707	544	0	0	(42,163)
Operation of Food Services	515,704	240,284	259,056	0	(16,364)
Extracurricular Activities	610,378	158,041	14,620	0	(437,717)
Interest and Fiscal Charges	263,278	0	0	0	(263,278)
<i>Total Governmental Activities</i>	<u>\$9,784,159</u>	<u>\$3,478,082</u>	<u>\$523,799</u>	<u>\$15,000</u>	<u>(5,767,278)</u>
General Revenues					
Property Taxes Levied for:					
					2,186,276
					547,071
Income Taxes Levied for:					
					1,355,472
Grants and Entitlements not					
					6,901,773
					34,246
					51,603
<i>Total General Revenues</i>					<u>11,076,441</u>
Change in Net Position					5,309,163
<i>Net Position Beginning of Year - Restated (See Note 3)</i>					(6,644,538)
<i>Net Position End of Year</i>					<u>(\$1,335,375)</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Balance Sheet
Governmental Funds
June 30, 2018

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,547,009	\$440,562	\$104,032	\$2,091,603
Accrued Interest Receivable	5,434	0	123	5,557
Accounts Receivable	4,810	0	230	5,040
Interfund Receivable	156,046	0	0	156,046
Intergovernmental Receivable	969	0	0	969
Income Taxes Receivable	625,791	0	0	625,791
Property Taxes Receivable	2,122,543	533,670	0	2,656,213
Inventory Held for Resale	0	0	10,983	10,983
Materials and Supplies Inventory	42,957	0	2,039	44,996
Prepaid Items	43,598	0	0	43,598
Due from Agency Funds	4,200	0	0	4,200
<i>Total Assets</i>	<u>\$4,553,357</u>	<u>\$974,232</u>	<u>\$117,407</u>	<u>\$5,644,996</u>
Liabilities				
Accounts Payable	\$620	\$0	\$0	\$620
Accrued Wages and Benefits Payable	1,050,328	0	38,842	1,089,170
Intergovernmental Payable	308,370	0	27,230	335,600
Matured Compensated Absences Payable	0	0	0	0
Interfund Payable	0	0	156,046	156,046
<i>Total Liabilities</i>	<u>1,359,318</u>	<u>0</u>	<u>222,118</u>	<u>1,581,436</u>
Deferred Inflows of Resources				
Property Taxes	2,009,035	504,224	0	2,513,259
Unavailable Revenue - Property Taxes	57,621	14,937	0	72,558
Unavailable Revenue - Income Tax	83,667	0	0	83,667
<i>Total Deferred Inflows of Resources</i>	<u>2,150,323</u>	<u>519,161</u>	<u>0</u>	<u>2,669,484</u>
Fund Balances				
Nonspendable	86,555	0	2,039	88,594
Restricted	0	455,071	3,995	459,066
Committed	0	0	95,413	95,413
Assigned	628,840	0	0	628,840
Unassigned (Deficit)	328,321	0	(206,158)	122,163
<i>Total Fund Balances</i>	<u>1,043,716</u>	<u>455,071</u>	<u>(104,711)</u>	<u>1,394,076</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,553,357</u>	<u>\$974,232</u>	<u>\$117,407</u>	<u>\$5,644,996</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2018*

Total Governmental Fund Balances	\$1,394,076
 <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.	14,076,842
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Property Taxes	72,558
Income Taxes	83,667
Total	156,225
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	135,468
In the statement of activities, interest is accrued on outstanding general obligation bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.	(79,363)
The net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Deferred Outflows - Pension	4,907,760
Deferred Inflows - Pension	(489,521)
Net Pension Liability	(14,238,180)
Deferred Outflows - OPEB	150,014
Deferred Inflows - OPEB	(357,073)
OPEB Liability	(3,166,344)
Total	(13,193,344)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Qualified School Construction Bonds	(3,155,000)
Unamortized Discount	8,159
Lease Purchase Agreement	(137,626)
Compensated Absences	(540,812)
Total	(3,825,279)
 <i>Net Position of Governmental Activities</i>	 <u><u>(\$1,335,375)</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$2,185,410	\$546,890	\$0	\$2,732,300
Income Taxes	1,352,972	0	0	1,352,972
Tuition and Fees	3,006,728	0	12,206	3,018,934
Interest	29,736	41	1,378	31,155
Charges for Services	0	0	240,284	240,284
Extracurricular Activities	72,485	0	141,997	214,482
Rentals	4,382	0	0	4,382
Contributions and Donations	9,478	15,000	15,590	40,068
Intergovernmental	6,640,464	261,309	498,731	7,400,504
Miscellaneous	33,593	4,190	13,820	51,603
<i>Total Revenues</i>	<u>13,335,248</u>	<u>827,430</u>	<u>924,006</u>	<u>15,086,684</u>
Expenditures				
Current:				
Instruction:				
Regular	6,367,569	82,786	64,781	6,515,136
Special	1,718,802	0	167,559	1,886,361
Vocational	85,050	0	0	85,050
Other	6,632	0	17,179	23,811
Support Services:				
Pupils	900,465	0	5,400	905,865
Instructional Staff	466,229	0	31,214	497,443
Board of Education	20,996	0	0	20,996
Administration	1,197,083	0	0	1,197,083
Fiscal	464,387	12,287	0	476,674
Operation and Maintenance of Plant	1,301,489	33,798	3,699	1,338,986
Pupil Transportation	661,816	0	0	661,816
Central	49,091	0	577	49,668
Operation of Food Services	0	0	527,370	527,370
Extracurricular Activities	259,522	111,440	179,297	550,259
Capital Outlay	0	2,183	0	2,183
Debt Service:				
Principal Retirement	65,979	235,000	0	300,979
Interest and Fiscal Charges	5,780	258,705	0	264,485
<i>Total Expenditures</i>	<u>13,570,890</u>	<u>736,199</u>	<u>997,076</u>	<u>15,304,165</u>
<i>Net Change in Fund Balances</i>	(235,642)	91,231	(73,070)	(217,481)
<i>Fund Balances (Deficit) Beginning of Year</i>	1,279,358	363,840	(31,641)	1,611,557
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,043,716</u>	<u>\$455,071</u>	<u>(\$104,711)</u>	<u>\$1,394,076</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018*

Net Change in Fund Balances - Total Governmental Funds (\$217,481)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	91,309
Current Year Depreciation	(670,476)

Total (579,167)

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

Property Taxes	1,047
Income Taxes	2,500

Total 3,547

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

300,979

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

Accrued Interest on Bonds	1,873
Amortization of Discount	(666)

Total 1,207

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	1,046,184
OPEB	36,110

Total 1,082,294

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	4,315,944
OPEB	504,973

Total 4,820,917

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 (107,069)

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

3,936

Change in Net Position of Governmental Activities **\$5,309,163**

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,230,000	\$2,167,653	\$2,167,653	\$0
Income Taxes	1,239,737	1,254,353	1,254,353	0
Tuition and Fees	2,970,575	3,005,596	3,006,728	1,132
Interest	25,818	26,122	27,531	1,409
Rentals	4,331	4,382	4,382	0
Intergovernmental	6,339,314	6,414,051	6,418,920	4,869
Miscellaneous	28,125	61,419	62,483	1,064
<i>Total Revenues</i>	<u>12,837,900</u>	<u>12,933,576</u>	<u>12,942,050</u>	<u>8,474</u>
Expenditures				
Current:				
Instruction:				
Regular	10,948,964	11,355,523	6,626,323	4,729,200
Special	723,863	751,238	1,489,722	(738,484)
Vocational	145	150	82,345	(82,195)
Other	182	0	6,632	(6,632)
Support Services:				
Pupils	571,121	592,602	811,553	(218,951)
Instructional Staff	73,290	76,017	465,116	(389,099)
Board of Education	17,994	18,650	25,364	(6,714)
Administration	75,042	77,761	1,207,523	(1,129,762)
Fiscal	284,455	292,600	515,962	(223,362)
Operation and Maintenance of Plant	581,634	600,953	1,377,962	(777,009)
Pupil Transportation	268,403	274,055	711,197	(437,142)
Central	982	1,000	49,755	(48,755)
Extracurricular Activities	193	200	270,626	(270,426)
Debt Service:				
Principal Retirement	63,574	65,979	65,979	0
Interest and Fiscal Charges	5,569	5,780	5,780	0
<i>Total Expenditures</i>	<u>13,615,411</u>	<u>14,112,508</u>	<u>13,711,839</u>	<u>400,669</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(777,511)</u>	<u>(1,178,932)</u>	<u>(769,789)</u>	<u>409,143</u>
Other Financing Sources (Uses)				
Advances Out	0	(6,700)	(6,700)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(6,700)</u>	<u>(6,700)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(777,511)</u>	<u>(1,185,632)</u>	<u>(776,489)</u>	<u>409,143</u>
<i>Fund Balance Beginning of Year</i>	1,659,996	1,659,996	1,659,996	0
Prior Year Encumbrances Appropriated	476,615	476,615	476,615	0
<i>Fund Balance End of Year</i>	<u>\$1,359,100</u>	<u>\$950,979</u>	<u>\$1,360,122</u>	<u>\$409,143</u>

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

Statement of Fund Net Position

Proprietary Fund

June 30, 2018

	<u>Internal Service</u>
Assets	
Cash and Cash Equivalents:	
With Fiscal Agents	\$246,464
Liabilities	
Claims Payable	<u>110,996</u>
Net Position	
Unrestricted	<u><u>\$135,468</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	<u>\$1,654,418</u>
Operating Expenses	
Purchased Services	553,112
Claims	1,100,461
<i>Total Operating Expenses</i>	<u>1,653,573</u>
<i>Operating Income</i>	845
Non-Operating Revenues	
Interest	<u>3,091</u>
<i>Change in Net Position</i>	3,936
<i>Net Position Beginning of Year</i>	<u>131,532</u>
<i>Net Position End of Year</i>	<u><u>\$135,468</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	<u>Internal Service</u>
<i>Decrease in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$1,654,418
Cash Payments for Goods and Services	(553,112)
Cash Payments for Claims	<u>(1,152,515)</u>
<i>Net Cash Used for Operating Activities</i>	(51,209)
Cash Flows from Investing Activities	
Interest on Investments	<u>3,091</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(48,118)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>294,582</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$246,464</u></u>
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Income	\$845
Adjustments:	
Decrease in Claims Payable	<u>(52,054)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$51,209)</u></u>
See accompanying notes to the basic financial statements	

Crestview Local School District
Columbiana County, Ohio

Statement of Net Position
Fiduciary Fund
June 30, 2018

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$58,301</u>
Liabilities	
Due to Primary Government	\$4,200
Undistributed Monies	<u>54,101</u>
<i>Total Liabilities</i>	<u>\$58,301</u>

See accompanying notes to the basic financial statements

(This Page Intentionally Left Blank)

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1 – Description of the School District and Reporting Entity

Crestview Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Crestview Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's three instructional/support facilities staffed by 45 non-certified and 94 certified full-time teaching personnel who provide services to approximately 1,319 students and other community members.

The Reporting Entity

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources included pension and OPEB related amounts reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB are explained in Notes 14 and 15.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and income taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 14 and 15).

Expenditures/Expenses

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

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

E. Budgetary Data

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

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

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

F. Cash and Investments

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

During fiscal year 2018, investments were limited to STAR Ohio. Investments in nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79' "Certain External Investment Pools and Pool Participants." The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business days(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

As authorized by Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to \$29,736, of which \$1,266 was assigned from other District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

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

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

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

I. Restricted Net Position

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

J. Capital Assets

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

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

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

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

K. Interfund Balances

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

L. Compensated Absences

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

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

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

M. Accrued Liabilities and Long-Term Obligations

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, claims and judgments and compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

N. Net Position

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

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

O. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

P. Internal Activity

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

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

Q. Bond Issuance Discount

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

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

S. Operating Revenues and Expenses

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

T. Estimates

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 3 – Change in Accounting Principle & Restatement of Prior Year Net Position

A. Change in Accounting Principles

For fiscal year 2018, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, Statement No. 81, “Irrevocable Split-Interest Agreements”, Statement No. 85, “Omnibus 2017”, and GASB Statement No. 86, “Certain Debt Extinguishment Issues”.

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The implementation of GASB Statement 75 resulted in an overall restatement of beginning net position, as previously reported (see below).

GASB Statement No. 81 aims to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts-or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements-in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 aims to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The District incorporated the corresponding GASB 86 guidance into their fiscal year 2018 financial statements; however, there was no effect on beginning net position or fund balance.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

B. Restatement of Prior Year Net Position

	Governmental Activities
Net Position at June 30, 2017, as Previously Reported	(\$2,730,055)
<i>Adjustments:</i>	
Net Other Postemployment Benefit (OPEB) Liability	(3,940,929)
Deferred Outflow - District's Contributions Made Subsequent to Measurement Date	26,446
Restated Net Position at June 30, 2017	(\$6,644,538)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 4 – Accountability

Fund balances at June 30, 2018 included the following individual fund deficits:

Nonmajor Governmental Funds:	Deficit
Food Service Fund	\$195,790
District Managed Student Activities	447
Title I Fund	7,731
Improving Teacher Quality Fund	104
Miscellaneous Federal Grants	47

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

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

Note 5 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.
5. *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).

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

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

Net Change in Fund Balance	
GAAP Basis	(\$235,642)
Net Adjustment for Revenue Accruals	(396,753)
Net Adjustment for Expenditure Accruals	142,747
Net Adjustment for Funds Budgeted as Special Revenue	3,555
Advances Out	(6,700)
Adjustment for Encumbrances	(283,696)
Budget Basis	(\$776,489)

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

Cash on Hand

At fiscal year end, the District had \$561 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

At June 30, 2018, the District's internal service fund had a balance of \$246,463 with the Jefferson Health Plan, a claims servicing pool (See Note 12). The balance is held by the claims administrator in a pooled account, which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, Treasurer, Jefferson County ESC, 2023 Sunset Blvd. Steubenville, Ohio 43952.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

Deposits

At June 30, 2018, the carrying amount of all District deposits was \$1,410,676. Based on the criteria described in GASB Statement No. 40, "Deposits And Investment Risk Disclosures", as of June 30, 2018, \$1,381,000 of the District's bank balance of \$1,526,511 was covered by the Federal Deposit Insurance Corporation, while \$145,511 was exposed to custodial risk as discussed below.

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

Investments

As of June 30, 2018, the District had the following investment. All investments are in an internal investment pool.

	Fair Value	Maturity
STAROhio	\$738,668	Six Months or Less

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

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

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

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2018:

Investment	Percentage of Investment
STAR Ohio	100.00%

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Position as of June 30, 2018:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$1,410,676	Governmental Activities	\$2,338,067
Investments	738,668	Agency Funds	58,301
Cash with fiscal agent	246,463		
Cash on hand	561		
Total	\$2,396,368		\$2,396,368

Note 7 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<i>Nonspendable</i>				
Prepays	\$43,598	\$0	\$0	\$43,598
Inventory	42,957	0	2,039	44,996
<i>Total Nonspendable</i>	86,555	0	2,039	88,594
<i>Restricted for</i>				
Technology Improvements	0	0	3,025	3,025
Classroom Maintenance	0	0	886	886
E-Tech Podcast Grant	0	0	84	84
Capital Improvements	0	455,071	0	455,071
<i>Total Restricted</i>	0	455,071	3,995	459,066
<i>Committed to</i>				
College Scholarships	0	0	95,413	95,413
<i>Assigned to</i>				
Other Purposes	278,515	0	0	278,515
Encumbrances	295,088	0	0	295,088
Other Purposes	55,237	0	0	55,237
<i>Total Assigned</i>	628,840	0	0	628,840
<i>Unassigned (Deficit)</i>	328,321	0	(206,158)	122,163
<i>Total Fund Balances</i>	\$1,043,716	\$455,071	(\$104,711)	\$1,394,076

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2018 taxes. Real property taxes for 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2018 was \$55,887 in the general fund and \$14,509 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2017 was \$38,130 in the general fund and \$9,959 in the permanent improvement capital projects fund. The difference was in timing and collection by the County Auditor.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$108,005,670	91.34 %	\$108,151,730	91.00 %
Public Utility Personal	10,234,170	8.66	10,702,060	9.00
Total	\$118,239,840	100.00 %	\$118,853,790	100.00 %
 Tax rate per \$1,000 of assessed valuation	 \$32.70		 \$32.70	

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 9 – School District Income Tax

The voters of the District passed a 1 percent permanent school district income tax in the November 1989 election that became effective January 1, 1990. School district income tax revenue received by the General Fund during fiscal year 2018 was \$1,352,972 on a modified accrual basis.

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$431,074	\$191,791	\$0	\$622,865
Construction in Progress	191,791	0	(191,791)	0
Total Capital Assets, not being depreciated:	622,865	191,791	(191,791)	622,865
Capital Assets, being depreciated:				
Land Improvements	218,018	0	0	218,018
Buildings and Building Improvements	22,646,039	0	0	22,646,039
Furniture, Fixtures and Equipment	1,150,159	5,986	(42,207)	1,113,938
Vehicles	1,262,779	85,323	(55,085)	1,293,017
Total Capital Assets, being depreciated:	25,276,995	91,309	(97,292)	25,271,012
Less Accumulated Depreciation:				
Land Improvements	(45,901)	(4,804)	0	(50,705)
Buildings and Building Improvements	(9,616,129)	(552,047)	0	(10,168,176)
Furniture, Fixtures and Equipment	(785,116)	(32,346)	42,207	(775,255)
Vehicles	(796,705)	(81,279)	55,085	(822,899)
Total Accumulated Depreciation	(11,243,851)	(670,476)	97,292	(11,817,035)
Total Capital Assets being depreciated, net	14,033,144	(579,167)	0	13,453,977
Governmental Activities Capital Assets, Net	\$14,656,009	(\$387,376)	(\$191,791)	\$14,076,842

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$265,116
Special	44,848
Vocational	9,328
Support Services:	
Pupil	12,065
Instructional Staff	36,805
Administration	49,032
Fiscal	8,654
Business	856
Operation and Maintenance of Plant	61,964
Pupil Transportation	108,022
Operation of Food Services	13,667
Extracurricular Activities	60,119
Total Depreciation Expense	<u><u>\$670,476</u></u>

Note 11 - Receivables

Receivables at June 30, 2018, consisted of property taxes, income taxes, intergovernmental, accounts (rent and student fees) and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables follows:

Property Taxes Receivable	\$2,656,213
Income Taxes Receivable	625,791
Intergovernmental Receivable	969
Accounts Receivable	5,040
Accrued Interest Receivable	5,557
Total	<u><u>\$3,293,570</u></u>

Note 12 – Risk Management

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the District has contracted with the following insurance companies to provide coverage in the following amounts:

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

Type of Coverage	Coverage	Deductible
Liberty Mutual		
General Liability:		
Each Occurrence	\$1,000,000	\$0
Aggregate	2,000,000	0
Umbrella Liability:		
Each Occurrence	3,000,000	0
Aggregate	3,000,000	0
Liberty Mutual		
Fleet:		
Comprehensive	1,000,000	1,000
Collision	1,000,000	1,000
Liberty Mutual		
Building and Contents	44,461,582	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2017.

B. Health and Dental Insurance

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

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

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$110,996, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Claims in the fund's claims liability during fiscal years 2017 and 2018 were:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2017	\$157,722	1,069,006	1,063,678	\$163,050
2018	163,050	1,100,461	1,152,515	110,996

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

C. OASBO Group Rating Program

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

Note 13 – Interfund Activity

A. Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close out the funds that are no longer required. During fiscal year 2018, no interfund transfers were made.

B. Interfund Receivable/Payable

At June 30, 2018, interfund receivables/payables consisted of one GAAP basis advance made from the general fund to the food service non-major special revenue fund totaling \$152,046, to cover a negative cash balance.

The general fund also advanced \$4,000 to the District Managed student activity non-major special revenue fund and that amount was not returned as of June 30, 2018.

Note 14 – Defined Benefit Pension Plans

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. A liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. School Employees Retirement System

Plan Description - District non-teaching employees participate in the School Employees Retirement System (SERS), a statewide, cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained on SERS’ website at www.ohsers.org, under *Employers/Audit Resources*.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or Before August 1, 2017*	Eligible to Retire on or After August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ending June 30, 2018, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the 14 percent employer contribution was allocated to the Health Care Fund for fiscal year 2018. The District's contractually required contribution to SERS was \$249,360 for the fiscal year ended June 30, 2018. Of this amount \$108,865 was reported as an intergovernmental payable.

C. State Teachers Retirement System

Plan Description - District licensed teachers and other faculty members participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018 and subsequent years, the employer rate was 14 percent and the member rate was 14 percent of covered payroll.

The District's contractually required contribution to STRS was \$796,824 for the fiscal year ended June 30, 2018. Of this amount \$132,299 was reported as an intergovernmental payable.

D. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.04725710%	0.04594241%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.04746110%</u>	<u>0.04799992%</u>	
Change in Proportionate Share	<u>0.00020400%</u>	<u>0.00205751%</u>	
Proportionate Share of the Net Pension Liability	\$2,835,696	\$11,402,484	\$14,238,180
Pension Expense	(\$99,983)	(\$4,215,961)	(\$4,315,944)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$122,041	\$440,311	\$562,352
Change of Assumptions	146,637	2,493,849	2,640,486
Change in Proportionate Share	23,886	634,852	658,738
District contributions subsequent to the measurement date	<u>249,360</u>	<u>796,824</u>	<u>1,046,184</u>
Total Deferred Outflows of Resources	<u>\$541,924</u>	<u>\$4,365,836</u>	<u>\$4,907,760</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$91,899	\$91,899
Net difference between projected and actual earnings on pension plan investments	13,461	376,294	389,755
Change in Proportionate Share	<u>7,867</u>	<u>0</u>	<u>7,867</u>
Total Deferred Inflows of Resources	<u>\$21,328</u>	<u>\$468,193</u>	<u>\$489,521</u>

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

\$1,046,184 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	\$115,061	\$705,771	\$820,832
2020	173,651	1,217,666	1,391,317
2021	48,630	860,499	909,129
2022	(66,106)	316,883	250,777
Total	\$271,236	\$3,100,819	\$3,372,055

Actuarial Assumptions - SERS

SERS' total pension liability is determined by SERS' actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, June 30, 2017, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions Experience Study Date	5 Year Period Ended June 30, 2015
Investment Rate of Return	7.50 Percent Net of Investment Expense, Including Inflation
COLA or Ad hoc COLA	2.50 Percent
Future Salary Increases, Including Inflation	3.50 Percent to 18.20 Percent
Wage Inflation	3.00 Percent

Mortality Assumptions - Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
U.S. Stocks	22.50	4.75
Non-U.S. Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

<u></u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's Proportionate Share of the Net Pension Liability	\$3,935,209	\$2,835,696	\$1,914,629

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Investment Expenses, Including Inflation
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	7.45 %

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

<u></u>	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
District's Proportionate Share of the Net Pension Liability	\$16,345,073	\$11,402,484	\$7,239,094

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Assumption Changes Since the Prior Measurement Date The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Benefit Term Changes Since the Prior Measurement Date Effective July 1, 2017, the COLA was reduced to zero.

E. Social Security System

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2018, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Note 15 – Defined Benefit Other Postemployment Benefit (OPEB) Plans

Net OPEB Liability

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. OPEB are provided to an employee-on a deferred-payment basis-as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that have already occurred.

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made 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 if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$36,110 for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability Current Measurement Date	0.04820010%	0.04799992%	
Proportionate Share of the Net OPEB Liability	\$1,293,564	\$1,872,780	\$3,166,344
OPEB Expense	\$66,502	(\$571,475)	(\$504,973)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$108,109	\$108,109
Change in Proportionate Share District contributions subsequent to the measurement date	5,795	0	5,795
	<u>36,110</u>	<u>0</u>	<u>36,110</u>
Total Deferred Outflows of Resources	<u>\$41,905</u>	<u>\$108,109</u>	<u>\$150,014</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$3,416	\$80,046	83,462
Change of Assumptions	122,752	150,859	273,611
Total Deferred Inflows of Resources	<u>\$126,168</u>	<u>\$230,905</u>	<u>\$357,073</u>

\$36,110 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	\$43,231	\$27,137	\$70,368
2020	43,231	\$27,137	70,368
2021	33,057	\$27,137	60,194
2022	854	\$27,137	27,991
2023	0	7,124	7,124
Thereafter	0	7,124	7,124
Total	\$120,373	\$122,796	\$243,169

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	\$1,562,143	\$1,293,564	\$1,080,781

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	\$1,049,630	\$1,293,564	\$1,616,415

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	\$2,514,177	\$1,872,780	\$1,365,867
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$1,301,127	\$1,872,780	\$2,625,142

Note 16 – Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 2 weeks of vacation per year after 1 year of service, 3 weeks of vacation per year after 8 years of service, and 4 weeks of vacation per year after 15 years of service. The 4 principals, special education supervisor, superintendent and Treasurer do not earn vacation; their contracts are for a specific number of days and the rest of the year are non-contract days. The high school principal is contracted for 240 days, the middle school principal for 240 days, the elementary principal for 220 days, and the superintendent for 240 days. The Treasurer is contracted for 240 days, the special education supervisor for 220 days, and the assistant principal 220 days. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Certified employees do not earn vacation.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated up to a maximum of 15 days per year for all personnel. The total lifetime maximum sick leave accumulation for personnel is 235 days for certified employees, and 235 days for classified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 47 days for certified employees, and 48 days for classified employees.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

Note 17 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2018 were as follows:

	Principal Outstanding 6/30/17	Additions	Deductions	Principal Outstanding 6/30/18	Amounts due in One Year
General Obligation Bonds:					
<i>2010 Qualified School Construction Bonds</i>					
2010 Series A Bonds - 4.15% - 4.35%	\$800,000	\$0	\$0	\$800,000	\$0
2010 Series B Bonds - 5.67%	2,590,000	0	(235,000)	2,355,000	235,000
Unamortized Issuance Discount	(8,825)	0	666	(8,159)	0
Total Qualified School Construction Bonds	3,381,175	0	(234,334)	3,146,841	235,000
Other Long-Term Obligations:					
Lease Purchase Agreement	203,605	0	(65,979)	137,626	67,853
Compensated Absences	433,743	129,863	(22,794)	540,812	26,590
Total Other Long-Term Obligations	637,348	129,863	(88,773)	678,438	94,443
<i>Total Before Net Pension & OPEB Liability</i>	<i>4,018,523</i>	<i>129,863</i>	<i>(323,107)</i>	<i>3,825,279</i>	<i>329,443</i>
Net Pension Liability:					
STRS	15,378,309	0	(3,975,825)	11,402,484	0
SERS	3,458,784	0	(623,088)	2,835,696	0
Total Net Pension Liability	18,837,093	0	(4,598,913)	14,238,180	0
Net OPEB Liability:					
STRS	2,567,048	0	(694,268)	1,872,780	0
SERS	1,373,881	0	(80,317)	1,293,564	0
Total Net OPEB Liability	3,940,929	0	(774,585)	3,166,344	0
Total Governmental Long-Term Obligations	\$26,796,545	\$129,863	(\$5,696,605)	\$21,229,803	\$329,443

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

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

Lease Purchase Agreement: On June 26, 2016, the District issued a lease purchase agreement, in the amount of \$330,000 and is scheduled to mature on July 1, 2020. The proceeds of the lease agreement will be used to renovate the District's high school auditorium into classroom space and are being repaid from the General fund.

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

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District's overall legal debt margin was \$10,696,841 with an unvoted debt margin of \$118,854 at June 30, 2018.

Principal requirements to retire general obligation debt outstanding at June 30, 2018, are as follows:

Fiscal Year Ended	Q.S.C.B.'s, Series 2010 A			Q.S.C.B.'s, Series 2010 B		
	Principal	Interest	Total	Principal	***Interest	Total
2019	\$0	\$34,025	\$34,025	\$235,000	\$224,680	\$459,680
2020	0	34,025	34,025	235,000	224,680	459,680
2021	0	34,025	34,025	235,000	224,680	459,680
2022	0	34,025	34,025	235,000	224,680	459,680
2023	0	34,025	34,025	235,000	224,680	459,680
2024 - 2028	0	170,125	170,125	1,180,000	1,011,060	2,191,060
2029 - 2031	800,000	52,635	852,635	0	0	0
Total	\$800,000	\$392,885	\$1,192,885	\$2,355,000	\$2,134,460	\$4,489,460

Fiscal Year Ended	Lease Purchase Agreement - 2015		
	Principal	Interest	Total
2019	\$67,853	\$3,906	\$71,759
2020	69,773	1,986	71,759
Total	\$137,626	\$5,892	\$143,518

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

Note 18 - Capitalized Leases

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

The assets acquired through capital leases are as follows:

Assets:	Governmental Activities
Football Stadium and Track	\$956,000
Wireless Network and Licenses	40,720
434 Laptop Computers	229,520
Historical Cost	1,226,240
Less: Accumulated Depreciation	(1,211,988)
Total Book Value as of June 30, 2018	\$14,252

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

The following is a schedule of the future minimum lease payments required under the capital lease obligation and the present value of the future minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30,	
2019	\$71,759
2020	71,759
Total Minimum Lease Payments	143,518
Less: Amount Representing Interest	(5,892)
Present Value of Minimum Lease	\$137,626

Note 19 - Set-Aside Calculation

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

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

	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2017	\$0
Current Year Set-Aside Requirement	235,130
Current year offsets	(621,252)
Total	(\$386,122)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Cash balance as of June 30, 2018	\$0

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

Note 20 – Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid a monthly fee to ACCESS during fiscal year 2018. Financial information can be obtained by contacting the Treasurer, Brian Stidham, at 7320 North Palmyra Road, Canfield, Ohio, 44406.

B. Columbiana County Career Center

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

Note 21 – Group Purchasing Pools

A. Jefferson Health Plan

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

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

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

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

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 22 - Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2018, if applicable, cannot be determined at this time.

B. Litigation

The District is currently involved in a case, as defendant, in the Columbiana County Court of Common Pleas involving an automobile accident and the District's maintenance supervisor. The outcome of this case has not yet been determined but the financial impact on the District is not expected to be significant.

C. School District Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by Schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments to fiscal year 2018 are not finalized. ODE has finalized the impact of enrollment adjustments to the June 30, 2018 foundation funding for the District. These adjustments were insignificant for the District.

Crestview Local School District
Columbiana County, Ohio

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio (SERS)
Last Five Fiscal Years (1)

	2017	2016	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.04746110%	0.04725710%	0.04780640%	0.04765100%	0.04765100%
School District's Proportionate Share of the Net Pension Liability	\$2,835,696	\$3,458,784	\$2,727,880	\$2,411,590	\$2,833,652
School District's Employee Payroll	\$1,781,143	\$1,713,429	\$1,483,046	\$1,392,496	\$1,284,086
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	159.21%	201.86%	183.94%	173.18%	220.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Crestview Local School District
Columbiana County, Ohio

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio (STRS)
Last Five Fiscal Years (1)

	2017	2016	2015	2014	2013
School District's Proportionate Share of the Net Pension Liability	0.047999920%	0.045942410%	0.045690080%	0.044692180%	0.044692180%
School District's Proportionate Share of the Net Pension Liability	\$11,402,484	\$15,378,309	\$12,627,402	\$10,870,685	\$12,949,089
School District's Employee Payroll	\$5,691,600	\$5,167,971	\$4,942,960	\$5,185,815	\$4,640,177
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	200.34%	297.57%	255.46%	209.62%	279.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Crestview Local School District
Columbiana County, Ohio

Required Supplementary Information
Schedule of School District's Pension Contributions
School Employees Retirement System of Ohio (SERS)
Last Six Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Pension Contribution	\$249,360	\$239,880	\$195,120	\$195,465	\$193,000	\$177,717
Pension Contributions in Relation to the Contractually Required Contribution	(\$249,360)	(\$239,880)	(\$195,120)	(\$195,465)	(\$193,000)	(\$177,717)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$1,781,143	\$1,713,429	\$1,480,425	\$1,483,046	\$1,392,496	\$1,284,086
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	13.18%	13.18%	13.86%	13.84%

(1) Information prior to 2013 available upon request.

Crestview Local School District
Columbiana County, Ohio

*Required Supplementary Information
Schedule of School District's Pension Contributions
State Teachers Retirement System of Ohio (STRS)
Last Six Fiscal Years (1)*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Pension Contribution	\$796,824	\$723,516	\$676,764	\$692,014	\$674,156	\$603,223
Pension Contributions in Relation to the Contractually Required Contribution	(\$796,824)	(\$723,516)	(\$676,764)	(\$692,014)	(\$674,156)	(\$603,223)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$5,691,600	\$5,167,971	\$4,834,029	\$4,942,960	\$5,185,815	\$4,640,177
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 available upon request.

Crestview Local School District

Columbiana County, Ohio

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio (SERS)
Last Two Fiscal Years (1)

	<u>2017</u>	<u>2016</u>
School District's Proportion of the Net OPEB Liability	0.04820010%	0.04820010%
School District's Proportionate Share of the Net OPEB Liability	\$1,293,564	\$1,373,881
School District's Employee Payroll	\$1,781,143	\$1,713,429
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	72.63%	80.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Crestview Local School District

Columbiana County, Ohio

*Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
State Teachers Retirement System of Ohio (STRS)
Last Two Fiscal Years (1)*

	<u>2017</u>	<u>2016</u>
School District's Proportion of the Net OPEB Liability	0.047999920%	0.047999920%
School District's Proportionate Share of the Net OPEB Liability	\$1,872,780	\$2,567,048
School District's Employee Payroll	\$5,691,600	\$5,167,971
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	32.90%	49.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Crestview Local School District
Columbiana County, Ohio

Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio (SERS)
Last Six Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required OPEB Contribution	\$36,110	\$26,446	\$28,956	\$39,430	\$42,121	\$40,485
OPEB Contributions in Relation to the Contractually Required Contribution	(\$36,110)	(\$26,446)	(\$28,956)	(\$39,430)	(\$42,121)	(\$40,485)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$1,781,143	\$1,713,429	\$1,480,425	\$1,483,046	\$1,392,496	\$1,284,086
Contributions as a Percentage of Employee Payroll	2.03%	1.54%	1.96%	2.66%	3.02%	3.15%

(1) Information prior to 2013 available upon request.

Crestview Local School District
Columbiana County, Ohio

*Required Supplementary Information
Schedule of School District OPEB Contributions
State Teachers Retirement System of Ohio (STRS)
Last Six Fiscal Years (1)*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required OPEB Contribution	\$0	\$0	\$0	\$0	\$51,858	\$46,402
OPEB Contributions in Relation to the Contractually Required Contribution	\$0	\$0	\$0	\$0	(\$51,858)	(\$46,402)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$5,691,600	\$5,167,971	\$4,834,029	\$4,942,960	\$5,185,815	\$4,640,177
Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

(1) Information prior to 2013 available upon request.

Crestview Local School District

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Pension

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 through 2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 through 2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date:

- a) The assumed rate of inflation was reduced to 3.0% from 3.25%.
- b) Payroll growth assumption was reduced to 3.50% from 4.0%.
- c) Assumed real wage growth was reduced to 0.50% from 0.75%.
- d) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- e) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- f) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- g) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- h) The discount rate was reduced to 7.50% from 7.75%.

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 through 2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 through 2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date:

- a) The long term expected rate of return was reduced to 7.45% from 7.75%.
- b) The inflation assumption was lowered to 2.50% from 2.75%.
- c) The payroll growth assumption was lowered to 3.0%.
- d) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation.
- e) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016.
- f) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Crestview Local School District

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Other Postemployment Benefits (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017 through 2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date:

- a) Assumed rate of inflation was reduced to 3.0% from 3.25%.
- b) Payroll growth assumption was reduced to 3.50% from 4.0%.
- c) Assumed real wage growth was reduced to 0.50% from 0.75%.
- d) Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- e) Mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females.
- f) Mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- g) Mortality among disabled members was updated to the following: RP-2000 Disabled Mortality
- h) Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients to 1.9% from 2.1% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date:

- a) The discount rate was increased to 4.13% from 3.26% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB).
- b) The long term expected rate of return was reduced to 7.45% from 7.75%.
- c) Valuation year per capita health care costs were updated, and the salary scale was modified.
- d) The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- e) The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

Crestview Local School District
Columbiana County
44100 Crestview Rd #A
Columbiana, Ohio 44408

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crestview Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 24, 2019, wherein noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement (GASB) 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

April 24, 2019

OHIO AUDITOR OF STATE KEITH FABER



CRESTVIEW LOCAL SCHOOL DISTRICT

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 21, 2019**