

**CRESTLINE EXEMPTED VILLAGE
SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

*GENERAL PURPOSE
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999*

TRIMBLE, JULIAN & GRUBE, INC.

TJG

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2 - 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types	5
Combined Statement of Revenues, Expenses and Changes in Retained Earnings Fund Balance - All Proprietary Fund Types	6
Combined Statement of Cash Flows - All Proprietary Fund Types	7
Notes to the General Purpose Financial Statements	8 - 46
Supplemental Data	
Schedule of Expenditures of Federal Awards	47
Report on Compliance and on Internal Control Required by <i>Government</i> <i>Auditing Standards</i>	48 - 49
Report on Compliance with Requirements Applicable to Its Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	50 - 51
Schedule of Findings <i>OMB Circular A-133 § .505</i>	52 - 54



STATE OF OHIO
OFFICE OF THE AUDITOR

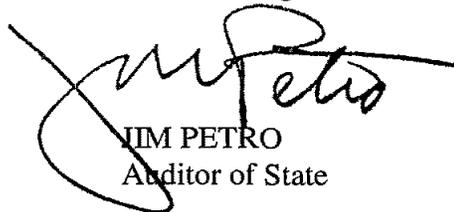
JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

Board of Education
Crestline Exempted Village School District
Crestline, Ohio

We have reviewed the Independent Auditor's Report of the Crestline Exempted Village School District, Crawford County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

January 6, 2000

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Independent Auditor's Report

Board of Education
Crestline Exempted Village School District
511 South Thoman
Crestline, Ohio 44827

We have audited the accompanying general purpose financial statements of the Crestline Exempted Village School District, Crawford, Ohio, as of and for the fiscal year ended June 30, 1999. These general purpose financial statements are the responsibility of Crestline Exempted Village School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Crestline Exempted Village School District, Crawford County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 1999, on our consideration of the Crestline Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Crestline Exempted Village School District, Ohio, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



Trimble, Julian & Grube, Inc.
November 4, 1999

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
ASSETS AND OTHER DEBITS											
ASSETS:											
Equity in pooled cash and cash equivalents	\$346,093	\$166,597	\$13,400	\$267,323	\$193,751	\$480,084	\$10,796				\$1,478,044
Receivables (net of allowances of uncollectibles):											
Taxes - current & delinquent	3,062,061		74,250	153,111	5,489						3,289,422
Accounts											5,489
Accrued interest											0
Advances to other funds	7,250										7,250
Due from other governments	129				605						734
Prepayments	2,385										2,385
Materials and supplies inventory	14,233				6,750						20,983
Restricted assets:											
Equity in pooled cash and cash equivalents	77,261										77,261
Property, plant and equipment (net of accumulated depreciation where applicable)					57,386			\$5,008,624			5,066,010
OTHER DEBITS:											
Amount available in debt service fund									\$29,712		29,712
Amount to be provided for retirement of general long-term obligations									867,481		867,481
Total assets and other debits	\$3,509,412	\$166,597	\$87,650	\$420,434	\$263,981	\$480,084	\$10,796	\$5,008,624	\$897,193		\$10,844,771

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS											
LIABILITIES:											
Accounts payable	\$11,632	\$8,424			\$115						\$20,171
Accrued wages and benefits	539,266	76,337		\$4	20,975						636,582
Compensated absences payable	30,936				3,272				\$298,949		333,157
Pension obligation payable	81,004	8,916			15,556				48,244		153,720
Advances from other funds		7,250									7,250
Deferred revenue	2,389,221		\$57,938	119,467	5,172						2,571,798
Claims payable						\$93,427					93,427
Due to other governments		740					\$6,723				740
Due to students										550,000	6,723
General obligation bonds payable									550,000		550,000
Total liabilities	3,052,059	101,667	57,938	119,471	45,090	93,427	6,723		897,193		4,373,568
EQUITY AND OTHER CREDITS:											
Investment in general fixed assets								\$5,008,624			5,008,624
Contributed capital					8,800						8,800
Retained earnings: unreserved					210,091			386,657			596,748
Fund balances:											
Reserved for encumbrances	19,012	31,327		93,524				306			144,169
Reserved for advances	7,250										7,250
Reserved for prepayments	2,385										2,385
Reserved for materials and supplies inventory	14,233										14,233
Reserved for debt service			13,409								13,409
Reserved for tax revenue unavailable for appropriation	672,337			33,619							722,259
Reserved for budget stabilization	72,261										72,261
Reserved for capital acquisition	5,000										5,000
Unreserved-undesignated	(335,125)	33,603		173,820				3,767			(123,935)
Total equity and other credits	457,353	64,930	29,712	300,963	218,891	386,657	4,073	5,008,624			6,471,203
Total liabilities, equity and other credits	\$3,509,412	\$166,597	\$87,650	\$420,434	\$263,981	\$480,084	\$10,796	\$5,008,624	\$897,193		\$10,844,771

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$2,475,404		\$29,036	\$181,127		\$2,685,567
Earnings on investments	110,457					110,457
Extracurricular activities		\$62,763				62,763
Other local revenues	47,643	33,795		7,805	\$4,908	94,151
Restricted grants		1,010		427,641		428,651
Intergovernmental - State	2,693,889	333,079	6,899	21,798		3,055,665
Intergovernmental - Federal		275,546				275,546
Total revenues	5,327,393	706,193	35,935	638,371	4,908	6,712,800
Expenditures:						
Current:						
Instruction:						
Regular	2,494,198	225,491		97,914	3,507	2,821,110
Special	389,476	187,297				576,773
Vocational	194,054	18,478				212,532
Other	73,508					73,508
Support services:						
Pupil	243,957	48,934				292,891
Instructional staff	191,025	86,616		1,290		278,931
Board of Education	57,902					57,902
Administration	540,846	16,973		357		558,176
Fiscal	200,653	358	885	7,788		209,684
Operations and maintenance	675,114	6,569		3,700		685,383
Pupil transportation	234,234	100				234,334
Central		8,464				8,464
Community services	8,800	11,896			843	21,539
Extracurricular activities	189,994	100,519				290,513
Facilities acquisition and construction				381,480		381,480
Intergovernmental pass through		52,081				52,081
Debt service:						
Principal retirement			145,000			145,000
Interest and fiscal charges			36,259			36,259
Total expenditures	5,493,761	763,776	182,144	492,529	4,350	6,936,560
Excess of revenues over (under) expenditures	(166,368)	(57,583)	(146,209)	145,842	558	(223,760)
Other financing sources (expenses):						
Operating transfers in			42,134			42,134
Operating transfers out				(42,134)		(42,134)
Proceeds from sale of assets	100					100
Total other financing sources (expenses)	100		42,134	(42,134)		100
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(166,268)	(57,583)	(104,075)	103,708	558	(223,660)
Fund balances, July 1	622,071	122,513	133,787	197,255	3,515	1,079,141
Increase in reserve for inventory	1,550					1,550
Fund balances, June 30	\$457,353	\$64,930	\$29,712	\$300,963	\$4,073	\$857,031

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT

CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	General				Special Revenues				Debt Service				Capital Projects				Total (Memorandum entry)	
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	
Revenues:																		
From local sources:																		
Taxes	\$2,334,528	\$2,334,528	\$0	\$34,696	\$62,037	\$27,341	\$147,483	\$147,483	\$0	\$2,516,707	\$2,544,048	\$27,341						
Earnings on investments	110,555	110,555	0							110,555	110,555	0						
Other local revenues	47,242	47,242	0							141,199	152,113	10,914						
Other revenue	2,665,726	2,696,360	30,634							7,805	7,805	0						
Intergovernmental - State										427,641	427,641	0						
Intergovernmental - Federal										16,883	16,883	0						
Total revenues	5,158,051	5,188,685	30,634	628,335	707,934	79,599	38,554	68,916	30,382	604,726	604,726	0	6,429,666	6,570,281	140,615			
Expenditures:																		
Current:																		
Instruction:																		
Regular	2,555,023	2,501,111	53,912	225,533	225,085	448	180,996	98,617	\$2,379	2,561,552	2,824,813	263,261						
Special	400,905	395,511	5,394	195,586	198,590	(2,723)				596,491	592,820	(3,671)						
Vocational	169,053	167,260	1,793	976	990	(4)				170,029	168,240	(1,789)						
Other	74,290	73,508	782							74,290	73,508	(782)						
Support services:																		
Pupil	232,254	248,652	(16,398)	48,655	49,281	(626)	1,288	1,290	(2)	280,889	297,933	(17,044)						
Instructional staff	190,303	178,904	11,399	97,776	100,372	(2,596)				289,367	280,566	8,801						
Board of Education	61,389	59,258	2,131							61,389	59,258	2,131						
Administrative	573,256	551,126	22,130	16,207	16,066	141	970	357	613	590,433	567,549	22,884						
Fiscal	203,970	199,887	4,083	563	358	205	885	885	0	21,164	17,564	3,600						
Operations and maintenance	685,277	675,395	9,882	7,149	7,136	13	16,583	6,102	10,481	709,089	688,633	20,456						
Pupil transportation	227,489	236,522	(9,033)							227,489	236,522	(9,033)						
Central	8,894	8,800	94	8,655	8,665	(10)				8,655	8,665	(10)						
Community services	191,578	189,145	2,433	126,971	100,809	26,162	381,480	472,094	(90,614)	318,549	296,014	22,535						
Extracurricular activities																		
Facilities acquisition & construction																		
Intergovernmental pass through																		
Principal retirement																		
Interest and fiscal charges																		
Total expenditures	5,573,681	5,485,079	88,602	784,766	785,077	(311)	602,481	586,248	16,233	7,143,072	7,038,248	104,824						
Excess of revenues over (under) expenditures	(415,630)	(296,394)	119,236	(156,431)	(77,143)	79,288	2,245	18,478	16,233	(713,406)	(468,267)	245,139						
Other financing sources (uses):																		
Refund of prior year's expenditures	737	(217)	954							737	(3,601)	(4,338)						
Refund of prior year's (receipts)																		
Operating transfers in																		
Operating transfers out																		
Advances in																		
Advances out																		
Proceeds of sale of fixed assets																		
Total other financing sources (uses)	100	100	0															
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(415,010)	(295,272)	119,738	(159,771)	(81,029)	78,742	2,245	18,478	16,233	(713,406)	(468,267)	245,139						
Fund balance, July 1	637,317	637,317	0	197,100	197,100	0	129,832	129,832	0	1,048,723	1,048,723	0						
Prior year encumbrances appropriated	61,633	61,633	0	12,335	12,335	0	67,623	67,623	0	141,591	141,591	0						
Fund balance, June 30	\$283,940	\$403,678	\$119,738	\$49,664	\$128,406	\$78,742	\$199,700	\$173,999	(\$25,901)	\$474,188	\$719,283	\$245,095						

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees	\$122,641		\$122,641
Sales/charges for services	124,286	\$598,893	723,179
 Total operating revenues	 246,927	 598,893	 845,820
Operating expenses:			
Personal services	247,692		247,692
Contract services	10,162	193,886	204,048
Materials and supplies	155,625		155,625
Depreciation	6,077		6,077
Claims expenses		285,383	285,383
Other expenses	875		875
 Total operating expenses	 420,431	 479,269	 899,700
Operating income (loss)	(173,504)	119,624	(53,880)
Nonoperating revenues:			
Operating grants	139,348		139,348
Federal commodities	20,459		20,459
Miscellaneous	4,344		4,344
Investment earnings	171		171
 Total nonoperating revenues	 164,322		 164,322
Net income (loss)	(9,182)	119,624	110,442
Retained earnings, July 1	219,273	267,033	486,306
Retained earnings, June 30	\$210,091	\$386,657	\$596,748

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from tuition and fees	\$121,887		\$121,887
Cash received from sales/service charges	124,286	\$598,893	723,179
Cash payments for personal services	(261,932)		(261,932)
Cash payments for contract services	(10,072)	(500,785)	(510,857)
Cash payments supplies and materials	(143,245)		(143,245)
Cash payments for other expenses	(875)		(875)
Net cash provided by (used in) operating activities	<u>(169,951)</u>	<u>98,108</u>	<u>(71,843)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	156,120		156,120
Cash payments for other expenses	4,344		4,344
Net cash provided by noncapital financing activities	<u>160,464</u>		<u>160,464</u>
Cash flows from investing activities:			
Interest on cash equivalents	171		171
Net cash provided by investing activities	<u>171</u>		<u>171</u>
Net increase (decrease) in cash and cash equivalents	(9,316)	98,108	88,792
Cash and cash equivalents at beginning of year	203,067	381,976	585,043
Cash and cash equivalents at end of year	<u>\$193,751</u>	<u>\$480,084</u>	<u>\$673,835</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(\$173,504)	\$119,624	(\$53,880)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	6,077		6,077
Federal donated commodities	20,459		20,459
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	7,514		7,514
Decrease in accounts receivable	(754)		(754)
Decrease in accounts payable	(10,558)		(10,558)
Decrease in accrued wages & benefits	(5,396)		(5,396)
Decrease in compensated absences payable	(2,107)		(2,107)
Decrease in pension obligation payable	(6,737)		(6,737)
Decrease in claims payable		(21,516)	(21,516)
Decrease in deferred revenue	(4,945)		(4,945)
Net cash provided by (used in) operating activities	<u>(\$169,951)</u>	<u>\$98,108</u>	<u>(\$71,843)</u>

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Crestline Exempted Village School District ("District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District ranks as the 487th largest by enrollment among the 612 districts in the State. The District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's four instructional/support facilities staffed by 49 classified, 67 certificated full-time teaching personnel, and 7 administrators who provide services to 944 students and other community members.

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. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity." When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

PUBLIC ENTITY RISK POOLS:

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program was established as an insurance purchasing pool and is governed by a three-member Board of Directors. The Executive Director of the Ohio School Boards Association, or his/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 12 for further information on this group rating plan.

JOINT VENTURE WITHOUT EQUITY INTEREST:

North Central Ohio Computer Cooperative (NCOCC)

NCOCC is a joint venture among 21 school districts and 3 county boards of education. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NCOCC based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contribution. NCOCC is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have equity interest in NCOCC since the residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from the treasurer for the Pioneer Career and Technology JVSD, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

RELATED ENTITY:

Crestline Public Library

The District appoints the governing board of the Library, however, the District cannot influence the Library's operation nor does the Library represent a potential financial benefit for or burden on the District. The District serves in a ministerial capacity as the taxing authority for the Library. Once the Library Board determines to present a levy to the voters, including the determination of its rate and duration, the District must place the levy on the ballot. The Library may not issue debt. The Library determines its own budget.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - The internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust fund and an agency fund. The expendable trust fund is accounted for in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3.C. for an analysis of the agency fund accruals which, in other fund types, would be recognized in the combined balance sheet.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of the general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used.

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 1999 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control (State statute permits a temporary appropriation measure to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted; however, none of these amendments were significant.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

Encumbrance accounting is utilized with District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 13 discloses encumbrances outstanding for the enterprise funds at fiscal year end.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to STAR Ohio. Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 1999 amounted to \$110,457, which includes \$73,305 assigned from other District funds.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

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

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

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds consist of donated food, purchased food, food service paper and janitorial supplies and are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Equipment	5-20

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

- General Fund
- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

Non-Reimbursable Grants

Special Revenue Funds

Education Management Information Systems
Title VI-B
Local Professional Development
Title I
Title VI
Drug Free School Grant
Disadvantaged Pupil Impact Aid
Auxiliary Services
Public School Preschool
EHA Preschool Grants for the Handicapped
Education for Economic Security Act
Text/Instructional Materials Subsidy
Venture Capital
Miscellaneous Federal Grants
Library Automation

Capital Projects Funds

Technology Equity
Permanent Improvement

Reimbursable Grants

General Fund

Driver Education Reimbursement
Vocational Education Travel/Salary

Proprietary Funds

National School Lunch Program
Government Donated Commodities
Daycare Program
Preschool Program
Library Automation

Grants and entitlements amounted to approximately 42% of the District's operating revenue during the 1999 fiscal year.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal interest. Generally accepted accounting principles require the allocation of the debt liability among the general and the general long-term obligations account group, with principal and interest payments on matured general long-term debt being reported in the debt service fund. To comply with the GAAP reporting requirements, the District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants, or contributions from developers, customers, or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

L. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, supplies inventory, prepayments, debt service, tax revenue unavailable for appropriation, advances, budget stabilization and capital acquisition. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under State statute.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

M. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term advances receivable and payable at June 30, 1999.

See Note 5 for an analysis of interfund transactions.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established. See Note 18 for detail of statutory reserves.

O. 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.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

P. Prepays

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment is not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

Q. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balance at June 30, 1999 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	\$ (9,087)
Public School Preschool	(12,423)
Title I	(10,003)
Title VI-B	(3,854)
Drug Free School Grant	(1,794)

The Drug Free School Grant special revenue fund did not comply with Ohio State Law, which does not permit a cash deficit balance at year end. This deficit will be eliminated by intergovernmental revenues and subsidies not recognized at June 30.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The Disadvantaged Pupil Impact Aid, Public School Preschool, Title I and Title VI-B special revenue funds complied with Ohio state law, which does not permit a cash basis deficit at year end. These deficit fund balances are caused by accruing wage and retirement obligations, which will be eliminated by intergovernmental revenues and subsidies not recognized at June 30.

B. Compliance

The following fund had estimated resources in excess of appropriations plus encumbrances:

<u>Fund Type/ Fund</u>	<u>Estimated Resources</u>	<u>Appropriations Plus Encumbrances</u>	<u>Variance</u>
<u>Debt Service</u>			
Bond Retirement	\$123,028	\$182,144	\$59,116

The following accounts had expenditures in excess of appropriations for the fiscal year ended June 30, 1999:

<u>Fund Type/ Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue:</u>			
Auxiliary Services	\$ 46,851	\$ 68,246	\$ 21,395
Preschool	208,975	210,611	1,636
Title I	217,101	223,846	6,745
Drug Free Grant	9,420	10,060	640
<u>Capital Projects:</u>			
Emergency Building Repair	381,480	472,094	90,614

C. Agency Fund

The following are accruals for the Agency fund, which, in another fund type, would be recognized in the combined balance sheet:

<u>LIABILITIES</u>	
Accounts Payable	\$216

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. *Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

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

Cash on hand: At fiscal year end, the District had \$851 in undeposited cash on hand which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits: At year end, the carrying amount of the District's deposits was \$82,041 and the bank balance was \$297,186. Of the bank balance:

1. \$100,826 was covered by federal depository insurance; and
2. \$196,360 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name.

The District had an investment of \$1,472,413 in STAR Ohio. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

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

A reconciliation between the classifications of equity in pooled cash and cash equivalents and investments on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,555,305	\$ ---
Investments of the cash management pool:		
Investment in STAR Ohio	(1,472,413)	1,472,413
Cash on hand	<u>(851)</u>	<u>---</u>
GASB Statement No. 3	<u>\$ 82,041</u>	<u>\$1,472,413</u>

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 5 - INTERFUND TRANSACTIONS

A. The District had the following long-term advances outstanding at June 30, 1999:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
<u>General Fund</u>	\$7,250	\$ - - -
<u>Special Revenue Fund</u>		
District Managed Student Activity	<u>- - -</u>	<u>7,250</u>
Total	<u>\$7,250</u>	<u>\$7,250</u>

B. The following is a summarized breakdown of the District's operating transfers for fiscal year 1999:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Debt Service Fund</u>	\$42,134	\$ - - -
<u>Capital Projects Fund</u>		
Permanent Improvement	<u>- - -</u>	<u>42,134</u>
Total	<u>\$42,134</u>	<u>\$42,134</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 1998 taxes were collected was \$63,614,046. Agricultural/residential and public utility real estate represented \$33,765,040 or 53.08% of this total; commercial & industrial real estate represented \$10,362,530 or 16.29% of this total, public utility tangible represented \$7,970,180 or 12.53% of this total and general tangible property represented \$11,516,296 or 18.10% of this total. The voted general tax rate at the fiscal year ended June 30, 1999 was \$59.38 per \$1,000.00 of assessed valuation for operations, \$3.00 per \$1,000.00 of assessed valuation for permanent improvements and \$0.77 per \$1,000.00 of assessed valuation for debt retirement.

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

The District receives property taxes from Richland and Crawford Counties. The respective County Treasurers collect property taxes on behalf of the District. The respective County Auditors periodically remit to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. A total of \$722,259 was available to the District as an advance at June 30 and is recognized as revenue.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 6 - PROPERTY TAXES - (Continued)

Taxes available for advance and recognized as revenue but not received by the district prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts, accrued interest and grants intended to finance fiscal year 1999. Taxes receivable are considered collectible in full, due to the ability to foreclose for the nonpayment of taxes.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$3,062,061
<u>Debt Service Fund</u>	
Taxes - current and delinquent	74,250
<u>Capital Projects Fund</u>	
Taxes - current and delinquent	153,111

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 8 - FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 1998</u>	<u>Addition</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 1999</u>
Land/ Improvements	\$ 35,851	\$ ---	\$ ---	\$ 35,851
Buildings/ Improvements	2,976,554	374,553	---	3,351,107
Furniture/ Equipment	1,122,985	234,928	---	1,357,913
Vehicles	<u>263,753</u>	<u>---</u>	<u>---</u>	<u>263,753</u>
Total	<u>\$4,399,143</u>	<u>\$609,481</u>	<u>\$---</u>	<u>\$5,008,624</u>

There was no significant construction in progress at June 30, 1999.

A summary of the proprietary fixed assets at June 30, 1999 follows:

Furniture and equipment	\$322,753
Less: accumulated depreciation	<u>(265,367)</u>
Net fixed assets	<u>\$ 57,386</u>

NOTE 9 - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 1999 are summarized by source as follows:

	<u>Food Service</u>
Contributed capital, July 1, 1998	\$ 0
Current contributions	<u>8,800</u>
Contributed capital, June 30, 1999	<u>\$8,800</u>

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 10 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators (with the exception of principals) are given ten to twenty-four days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Superintendent who can accumulate vacation for up to thirty days at the end of his contract. Teachers do not earn vacation time.

NOTE 11 - LONG-TERM OBLIGATIONS

A. The following is a description of the District's general obligation bonds outstanding as of June 30, 1999:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 1998</u>	<u>Retired In 1999</u>	<u>Outstanding June 30, 1999</u>
Energy conservation bonds	5.85%	04/06/95	12/01/02	\$525,000	\$ (95,000)	\$430,000
Public library bonds	6.38%	08/01/79	12/01/99	30,000	(15,000)	15,000
Middle school bonds	5.63%	03/01/79	12/01/01	<u>140,000</u>	<u>(35,000)</u>	<u>105,000</u>
Total				<u>\$695,000</u>	<u>\$(145,000)</u>	<u>\$550,000</u>

The energy conservation bonds were issued in accordance with Ohio energy conservation measures (House Bill 264) for the purpose of paying costs of installments, modifications, and remodeling school buildings to conserve energy.

The library bonds were issued in accordance with Section 3375.43, Ohio Revised Code, for the issuance and sale of bonds by a subdivision for library purposes.

The middle school bonds were issued for purposes of improvement to the middle school building.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bonds:

<u>Fiscal Year Ending</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2000	\$150,000	\$27,630	\$177,630
2001	140,000	19,187	159,187
2002	145,000	10,929	155,929
2003	<u>115,000</u>	<u>3,364</u>	<u>118,364</u>
Total	<u>\$550,000</u>	<u>\$61,110</u>	<u>\$611,110</u>

C. During the year ended June 30, 1999, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 1999</u>
Compensated absences	\$ 348,436	\$145,901	\$(195,388)	\$298,949
Pension obligation payable	39,935	48,244	(39,935)	48,244
General obligation bonds payable	<u>695,000</u>	<u>---</u>	<u>(145,000)</u>	<u>550,000</u>
Total	<u>\$1,083,371</u>	<u>\$194,145</u>	<u>\$(380,323)</u>	<u>\$897,193</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 1999 are a voted debt margin of \$6,409,051 (including available funds of \$29,712) and an unvoted debt margin of \$63,614.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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 1999, the District retained property insurance coverage, boiler and machinery coverage, and inland marine floaters in the blanket amount of \$19,098,000 with 100% coinsurance, replacement cost endorsement and a \$2,500 deductible. Vehicles are covered by Grange Insurance Company and hold a \$250 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$1,000,000 limit of liability for bodily injury per person, per occurrence, and property damage.

Nationwide Insurance Companies provide general liability coverage with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate limit. The general liability insurance carries a \$3,000 deductible.

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

B. Employee Dishonesty Bonds

The District carries employee dishonesty bonds for the Treasurer, Superintendent, Assistant Treasurer, and all Board Members, in the amount of \$20,000. Also an employee blanket dishonesty bond in the amount of \$5,000 is provided to cover all other employees of the District.

C. Employee Group Medical, Dental, and Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through Nationwide Insurance Company in the amount of \$20,000. Administrative staff is insured as follows:

Superintendent	\$60,000
Treasurer	40,000
High School Principal	56,000
Middle School Principal	40,000
Elementary Principal	48,000
Day Care Coordinator	40,000

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 12 - RISK MANAGEMENT - (Continued)

The District has elected to provide a comprehensive medical benefits package to the employees through a self-insured program. The District maintains a self-insured internal service fund to account for the finances of its uninsured risks of loss in this program. This package provides a comprehensive medical plan with a \$100 single and \$200 family deductible. Included in this plan is a mail-in prescription drug plan with a \$5 per prescription deductible for drugs. The plan is administered by National RX Services, Inc. located in Columbus, Ohio. A third party administrator, Berwanger Overmyer Associates, located in Columbus, Ohio, reviews all claims for the medical and prescription drug plan which are then paid by the District. The District purchases stop-loss coverage of \$40,000 per individual, and an aggregate limit of \$448,481 from Bankers Life & Casualty Company. The total monthly premium paid into the internal service fund for the medical and prescription drug plan is \$260.38 for single coverage and \$553.87 for family coverage which is paid out of the same fund that pays the salary for the employee.

The District's amounts are capped by negotiated union contracts and cannot be increased except through negotiations. The non-certified employee monthly portion of the premium is \$20 for single coverage and \$30 for family coverage which is withheld from their biweekly payroll. The certified employee monthly portion of the premium is \$30 for single coverage and/or family coverage which is withheld from their biweekly payroll. The employees are responsible for payment of all claim amounts in excess of the employer capped amounts.

The District provides dental coverage for its employees on a self-insured basis through Turner and Shepard, Inc. The total monthly premium is \$25 for single coverage and \$61.68 for family coverage. There is no employee share for dental coverage.

Life insurance is provided in full regardless of contracted hours. All employees (except bus drivers driving one AM and PM route) must be contracted for at least 6 hours a day for 180 days to be eligible to receive medical or dental insurance benefits.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 12 - RISK MANAGEMENT - (Continued)

The claims liability of \$93,427 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No.10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
1999	\$114,943	\$285,383	\$(306,899)	\$ 93,427
1998	\$173,965	\$348,740	\$(407,762)	\$114,943

D. Worker's Compensation

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2.A.). The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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. The worker's compensation experience of the participating school districts is calculated as one and a common premium rate is applied to participants. Each 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 selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and day-school/pre-school. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Day-school/ Pre-school</u>	<u>Total</u>
Operating revenue	\$124,286	\$23,662	\$98,979	\$246,927
Operating expenses before depreciation	250,918	22,200	141,236	414,354
Depreciation	4,667	0	1,410	6,077
Operating income (loss)	(131,299)	1,462	(43,667)	(173,504)
Operating grants	127,693	---	11,655	139,348
Net income (loss)	17,024	1,462	(27,668)	(9,182)
Fixed assets: Additions	8,800	---	---	8,800
Net working capital	64,814	12,533	89,940	167,287
Total assets	140,812	12,533	110,636	263,981
Total liabilities	34,500	---	10,590	45,090
Total equity	106,312	12,533	100,046	218,891
Encumbrances at 6/30/99	66	---	3,587	3,653

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 1999; 9.02 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$118,036, \$123,189, and \$122,997, respectively; 36 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$75,678, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teacher Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$406,907, \$383,747, and \$398,027, respectively; 83 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$68,582, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. Social Security System

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

NOTE 15 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions to the Health Care Reserve Fund equaled 3.5 percent of covered payroll. For the District, this amount equaled \$232,519 during fiscal 1999.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.156 billion at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219.224 million and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111.9 million and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$83,214 during the 1999 fiscal year.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

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

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

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(295,272)	\$(81,029)	\$ (71,074)	\$ (23,656)
Net adjustment for revenue accruals	138,708	(1,741)	(33,001)	33,645
Net adjustment for expenditure accruals	(28,339)	(16,891)	---	195
Net adjustment for other financing sources (uses)	(1,022)	3,886	---	---
Encumbrances (budget basis)	<u>19,657</u>	<u>38,192</u>	<u>---</u>	<u>93,524</u>
GAAP basis	<u>\$(166,268)</u>	<u>\$(57,583)</u>	<u>\$(104,075)</u>	<u>\$103,708</u>

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

B. Litigation

The District is not currently a party to any legal proceedings.

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$2,475,115 of total school foundation support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 17 - CONTINGENCIES - (Continued)

As of the date of these financial statements, the District is unable to determine the effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 18 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 1998	\$ 0	\$ 0	\$32,261	\$ 32,261
Current year set-aside requirement	81,608	81,608	40,000	203,216
Current year offsets	(13,382)	(62,078)	---	(75,460)
Qualifying disbursements	<u>(68,226)</u>	<u>(14,530)</u>	<u>---</u>	<u>(82,756)</u>
Total	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$72,261</u>	<u>\$ 77,261</u>
Cash balance carried forward to FY 2000	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$72,261</u>	<u>\$ 77,261</u>

A schedule of the restricted assets at June 30, 1999 follows:

Amount restricted for budget stabilization	\$72,261
Amount restricted for capital acquisition	<u>5,000</u>
Total restricted assets	<u>\$77,261</u>

NOTE 19 - YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 19 - YEAR 2000 ISSUE - (Continued)

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, fixed assets accounting and educational statistics reporting.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits, the State of Ohio Equipment Inventory System for its fixed assets accounting and the State of Ohio Education Management and Information System (EMIS) for its education statistics reporting. The State is responsible for remediating these systems.

The Ohio Department of Education, Division of Information Management Services, State Software Development Team has addressed the status of the OECN State Software in regards to the compliance requirements for the Year 2000. Their assessment is as follows:

- The payroll processing software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1997 release of USPS V4.0.
- The accounting software supported with the OECN State Software is compliant with the Year 2000 beginning with the June 1998 release of USAS V6.1.
- The equipment inventory and vehicle inventory system software supported with the OECN State Software is compliant with the Year 2000 beginning with the March 1999 release of SAS V2.0.
- The education management information system software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1998 release of EMIS V1.7.

Crawford County and Richland County collect property taxes for distribution to the District. Crawford County and Richland County are responsible for remediating their respective tax collection systems.

The State of Ohio distributes a substantial sum of money to the District in the form of basic state aid "school foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 19 - YEAR 2000 ISSUE - (Continued)

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

SUPPLEMENTAL DATA

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A) (C) Food Distribution	10.550	N/A		\$17,070		\$20,459
(A) (D) School Breakfast Program	10.553	N/A	\$20,033		\$20,033	
(A) (D) National School Lunch Program	10.555	N/A	114,939		114,939	
Total U. S. Department of Agriculture- Nutrition Cluster			134,972	17,070	134,972	20,459
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010 84.010	C1-S1 98 C1-S1 99	28,254 177,641		51,818 160,707	
Total Title I			205,895		212,525	
Special Education Cluster:						
(B) Title VI-B - Education of the Handicapped Act	84.027 84.027	6B-SF 98 P 6B-SF 99 P	(2,749) 15,029		17,400 14,622	
(B) Special Education Preschool Grants	84.173 84.173	PG-S1 98 P PG-S1 99 P	597 4,056		597 3,195	
Total Special Education Cluster			16,336		35,814	
Safe and Drug-Free Schools State Grants	84.186	DR-S1 99	1,550		1,550	
Total Safe and Drug-Free Schools Grant			1,550		1,550	
Goals 2000	84.276 84.276 84.276	G2-S1 97 G2-SP 99 G2-S1 99	(807) 5,000 40,500		4,621 5,000 27,556	
Total Goals 2000			44,693		37,177	
Eisenhower Professional Development Grant	84.281 84.281 84.281	MS-S1 96 MS-S1 97 MS-S1 99	37 (438) 4,925		37 345 1,973	
Total Eisenhower Professional Development Grant			4,487		2,355	
Title VI- Innovative Educational Program Strategies	84.298 84.298	C2-S1 97 C2-S1 99	(116) 4,081		240 552	
Total Title VI-Innovative Educational Program Strategies			3,965		792	
Total U. S. Department of Education			276,926		290,213	
Total Federal Financial Assistance			\$411,898	\$17,070	\$425,185	\$20,459

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

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Report on Compliance And on Internal Control Required By *Government Auditing Standards*

Board of Education
Crestline Exempted Village School District
511 South Thoman
Crestline, Ohio 44827

We have audited the general purpose financial statements of Crestline Exempted Village Local School District, Crawford County, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 4, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Crestline Exempted Village School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-45344-001 and 1999-45344-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of Crestline Exempted Village School District in a separate letter dated November 4, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Crestline Exempted Village School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as item 1999-45344-001 and 1999-45344-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of Crestline Exempted Village School District in a separate letter dated November 4, 1999.

This report is intended for the information and use of the management and Board of Education of Crestline Exempted Village School District, Crawford County, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
November 4, 1999

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Report on Compliance With Requirements Applicable to Its Major Program And Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Education
Crestline Exempted Village School District
511 South Thoman
Crestline, Ohio 44827

Compliance

We have audited the compliance of Crestline Exempted Village School District, Crawford County, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education of Crestline Exempted Village School District, Crawford County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Trimble, Julian & Grube, Inc.
November 4, 1999

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 1999

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

Finding Number	1999-45344-001
----------------	----------------

Ohio Revised Code Section 5705.39 in part requires that the total appropriation plus encumbrances from each fund should not exceed total estimated resources.

It was noted during the audit that the total appropriations plus encumbrances exceeded the total estimated resources for several funds.

<u>Fund Type</u> <u>Fund</u>	<u>Estimated</u> <u>Resources</u>	<u>Appropriations</u> <u>Plus Encumbrances</u>	<u>Variances</u>
<u>Debt Service:</u>			
Bond Retirement	\$123,028	\$182,144	\$59,116

Finding Number	1999-45344-002
----------------	----------------

Ohio Revised Code Section 5705.41 requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the District had expenditures plus encumbrances in excess of appropriations in the following funds:

<u>Fund Type</u> <u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u> <u>Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Auxiliary Services	\$46,851	\$68,246	\$21,395
Preschool	208,975	210,611	1,636
Title I	217,101	223,846	6,745
Drug Free Grant	9,420	10,060	640
<u>Capital Projects:</u>			
Emergency Building Repair	381,480	472,094	90,614

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 1999**

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

With expenditures plus encumbrances exceeding appropriations, the District is unlawfully expending monies that have not been appropriated.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continued basis and making appropriation amendments as necessary.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT

CRAWFORD 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.

By: Susan Babbitt

Date: JAN 18 2000