

# **Lennon & Company**

Certified Public Accountant

**CRESTWOOD LOCAL SCHOOL DISTRICT**  
Independent Auditor's Report  
For Fiscal Year Ended June 30, 1999

**CRESTWOOD LOCAL SCHOOL DISTRICT**  
General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2
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 - All Governmental Fund Types and Expendable Trust Fund	6
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/ Fund Balance - Proprietary Fund Type and Non-Expendable Trust Fund	10
Combined Statement of Cash Flows - Proprietary Fund Type and Non-Expendable Trust Fund	11
Notes to the General Purpose Financial Statements	12
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	37
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	38
Schedule of Federal Awards Expenditures	40
Notes to the Schedule of Federal Awards Expenditures	41
Schedule of Findings and Questioned Costs	42



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

We have reviewed the Independent Auditor's Report of the Crestwood Local School District, Portage County, prepared by Lennon & Company, for the audit period July 1, 1998 through 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 Crestwood Local School District is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

February 28, 2000

# Lennon & Company

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of Crestwood Local School District, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of Crestwood Local 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Crestwood Local School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 1999 on our consideration of Crestwood Local 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 Crestwood Local School District, 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.

*Lennon & Company*

Lennon & Company  
Certified Public Accountant  
December 17, 1999

**Crestwood Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 As of June 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled:				
Cash and cash equivalents	\$ 3,208,923	\$ 269,072	\$ -	\$ 309,014
Cash and cash equivalents - nonexpendable trust	-	-	-	-
Cash and cash equivalents:				
In segregated accounts - nonexpendable trust	-	-	-	-
With fiscal agents	10,000	-	114,288	-
Receivables:				
Taxes	5,404,893	-	156,992	271,007
Intergovernmental	812,561	-	-	-
Interfund	57,860	-	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Equity in pooled cash and cash equivalents (restricted)	245,191	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
<u>Other debits:</u>				
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	<u>\$ 9,739,428</u>	<u>\$ 269,072</u>	<u>\$ 271,280</u>	<u>\$ 580,021</u>
<u>Liabilities, fund equity and other credits:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 161,923	\$ 16,932	\$ -	\$ 2,340
Accrued wages	1,323,846	51,435	-	-
Compensated absences payable	15,820	-	-	-
Interfund payable	-	32,760	-	-
Intergovernmental payable	323,339	7,932	-	-
Deferred revenue	5,907,482	-	156,992	220,811
Due to students	-	-	-	-
Accrued interest payable	-	-	14,288	-
Capital leases payable	-	-	-	-
Energy conservation notes payable	-	-	100,000	-
Asbestos removal loan payable	-	-	-	-
Total liabilities	<u>7,732,410</u>	<u>109,059</u>	<u>271,280</u>	<u>223,151</u>
<u>Fund equity and other credits:</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	641,146	32,180	-	254,000
Reserved for bus purchases	58,476	-	-	-
Reserved for budget reserve	186,715	-	-	-
Reserved for endowment	-	-	-	-
Unreserved, undesignated	1,120,681	127,833	-	102,870
Total fund equity and other credits	<u>2,007,018</u>	<u>160,013</u>	<u>-</u>	<u>356,870</u>
Total liabilities, fund equity and other credits	<u>\$ 9,739,428</u>	<u>\$ 269,072</u>	<u>\$ 271,280</u>	<u>\$ 580,021</u>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 75,977	\$ 53,927	\$ -	\$ -	\$ 3,916,913
-	2,316	-	-	2,316
-	37,199	-	-	37,199
-	-	-	-	124,288
-	-	-	-	5,832,892
-	-	-	-	812,561
-	-	-	-	57,860
28,791	-	-	-	28,791
2,880	-	-	-	2,880
-	-	-	-	245,191
114,155	-	13,550,533	-	13,664,688
-	-	-	1,479,070	1,479,070
<u>\$ 221,803</u>	<u>\$ 93,442</u>	<u>\$ 13,550,533</u>	<u>\$ 1,479,070</u>	<u>\$ 26,204,649</u>
\$ 59	\$ 1,760	\$ -	\$ -	\$ 183,014
30,619	-	-	-	1,405,900
13,567	-	-	719,631	749,018
1,000	24,100	-	-	57,860
22,700	-	-	111,275	465,246
16,581	-	-	-	6,301,866
-	23,735	-	-	23,735
-	-	-	-	14,288
-	-	-	135,547	135,547
-	-	-	416,000	516,000
-	-	-	96,617	96,617
84,526	49,595	-	1,479,070	9,949,091
-	-	13,550,533	-	13,550,533
35,419	-	-	-	35,419
101,858	-	-	-	101,858
-	499	-	-	927,825
-	-	-	-	58,476
-	-	-	-	186,715
-	39,515	-	-	39,515
-	3,833	-	-	1,355,217
137,277	43,847	13,550,533	-	16,255,558
<u>\$ 221,803</u>	<u>\$ 93,442</u>	<u>\$ 13,550,533</u>	<u>\$ 1,479,070</u>	<u>\$ 26,204,649</u>

**Crestwood Local School District**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$ 5,527,050	\$ -	\$ 154,448	\$ 275,056
Intergovernmental	8,278,682	514,819	-	55,685
Interest	176,123	111	-	-
Tuition and fees	1,192,170	3	-	-
Extracurricular activities	-	87,796	-	-
Miscellaneous	35,602	64,069	-	-
<b>Total revenues</b>	<b>15,209,627</b>	<b>666,798</b>	<b>154,448</b>	<b>330,741</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	6,459,441	15,621	-	42,404
Special	1,488,392	221,694	-	-
Vocational	230,640	-	-	-
Adult/continuing	-	4,825	-	-
Other	222,908	-	-	-
<b>Support services:</b>				
Pupils	700,256	72,413	-	-
Instructional staff	753,750	36,270	-	15,944
Board of education	9,485	-	-	-
Administration	1,698,931	-	-	-
Fiscal	329,255	-	-	6,667
Business	17,190	-	-	-
Operation and maintenance of plant	1,381,789	317	-	-
Pupil transportation	1,388,675	-	-	-
Central	32,082	8,058	-	-
Operation of non-instructional services	22,866	108,709	-	-
Extracurricular activities	193,605	151,289	-	-
Capital outlay	233,305	-	-	73,572
<b>Debt service:</b>				
Principal retirement	20,590	-	128,901	-
Interest and fiscal charges	8,252	-	32,448	-
<b>Total expenditures</b>	<b>15,191,412</b>	<b>619,196</b>	<b>161,349</b>	<b>138,587</b>
<b>Excess of revenues over (under) expenditures</b>	<b>18,215</b>	<b>47,602</b>	<b>(6,901)</b>	<b>192,154</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of fixed assets	77,630	-	-	-
Inception of capital lease	148,153	-	-	-
Operating transfers in	-	-	6,901	-
Operating transfers out	(6,901)	-	-	-
<b>Total other financing sources (uses)</b>	<b>218,882</b>	<b>-</b>	<b>6,901</b>	<b>-</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>237,097</b>	<b>47,602</b>	<b>-</b>	<b>192,154</b>
<b>Fund balances at beginning of year</b>	<b>1,769,921</b>	<b>112,411</b>	<b>-</b>	<b>164,716</b>
<b>Fund balances at end of year</b>	<b>\$ 2,007,018</b>	<b>\$ 160,013</b>	<b>\$ -</b>	<b>\$ 356,870</b>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund	Totals (Memorandum Only)
Expendable Trust	
\$ -	\$ 5,956,554
-	8,849,186
-	176,234
-	1,192,173
4,494	92,290
-	99,671
4,494	16,366,108
-	6,517,466
-	1,710,086
-	230,640
-	4,825
-	222,908
-	772,669
4,114	810,078
-	9,485
-	1,698,931
-	335,922
-	17,190
-	1,382,106
-	1,388,675
-	40,140
-	131,575
754	345,648
-	306,877
-	149,491
-	40,700
4,868	16,115,412
(374)	250,696
-	77,630
-	148,153
-	6,901
-	(6,901)
-	225,783
(374)	476,479
4,706	2,051,754
\$ 4,332	\$ 2,528,233

**Crestwood Local School District**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	Governmental Fund Types		
	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 5,228,039	\$ 5,228,039	\$ -
Intergovernmental	8,306,726	8,306,726	-
Interest	176,123	176,123	-
Tuition and fees	1,544,436	1,544,436	-
Extracurricular activities	-	-	-
Gifts and donations (trust fund only)	-	-	-
Miscellaneous	39,240	39,240	-
Total revenues	15,294,564	15,294,564	-
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	6,221,385	6,221,385	-
Special	1,512,035	1,512,035	-
Vocational	220,609	220,609	-
Adult/continuing	-	-	-
Other	248,797	248,797	-
<b>Support services:</b>			
Pupils	697,802	697,802	-
Instructional staff	777,701	777,701	-
Board of education	9,885	9,885	-
Administration	1,679,913	1,679,913	-
Fiscal	336,366	336,366	-
Business	18,915	18,915	-
Operation and maintenance of plant	1,570,387	1,570,387	-
Pupil transportation	1,439,836	1,439,836	-
Central	38,927	38,927	-
Operation of non-instructional services	22,371	22,371	-
Extracurricular activities	192,820	192,820	-
Capital outlay	387,005	387,005	-
<b>Debt service:</b>			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	15,374,754	15,374,754	-
Excess of revenues over (under) expenditures	(80,190)	(80,190)	-
<b>Other financing sources (uses):</b>			
Proceeds from sale of fixed assets	77,630	77,630	-
Refund of prior year expenditures	783	783	-
Advances in	165,421	165,421	-
Advances out	(166,470)	(166,470)	-
Operating transfers in	-	-	-
Operating transfers out	(6,901)	(6,901)	-
Total other financing sources (uses)	70,463	70,463	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(9,727)	(9,727)	-
Fund balances at beginning of year	2,089,295	2,089,295	-
Prior year encumbrances appropriated	538,373	538,373	-
Fund balances at end of year	\$ 2,617,941	\$ 2,617,941	\$ -

See accompanying notes to the general purpose financial statements. 6

Governmental Fund Types

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 154,448	\$ 154,448	\$ -
515,118	515,118	-	-	-	-
111	111	-	-	-	-
3	3	-	-	-	-
87,796	87,796	-	-	-	-
-	-	-	-	-	-
64,069	64,069	-	-	-	-
<u>667,097</u>	<u>667,097</u>	-	<u>154,448</u>	<u>154,448</u>	-
15,736	15,736	-	-	-	-
217,452	217,452	-	-	-	-
-	-	-	-	-	-
4,825	4,825	-	-	-	-
-	-	-	-	-	-
61,688	61,688	-	-	-	-
34,373	34,373	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
317	317	-	-	-	-
-	-	-	-	-	-
8,059	8,059	-	-	-	-
134,650	134,650	-	-	-	-
154,077	154,077	-	-	-	-
-	-	-	-	-	-
-	-	-	128,901	128,901	-
-	-	-	32,448	32,448	-
<u>631,177</u>	<u>631,177</u>	-	<u>161,349</u>	<u>161,349</u>	-
<u>35,920</u>	<u>35,920</u>	-	<u>(6,901)</u>	<u>(6,901)</u>	-
-	-	-	-	-	-
(6,680)	(6,680)	-	-	-	-
99,870	99,870	-	-	-	-
(113,421)	(113,421)	-	-	-	-
-	-	-	6,901	6,901	-
-	-	-	-	-	-
<u>(20,231)</u>	<u>(20,231)</u>	-	<u>6,901</u>	<u>6,901</u>	-
15,689	15,689	-	-	-	-
179,735	179,735	-	-	-	-
25,761	25,761	-	-	-	-
<u>\$ 221,185</u>	<u>\$ 221,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Crestwood Local School District**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	Governmental Fund Types		
	Capital Projects Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 252,302	\$ 252,302	\$ -
Intergovernmental	55,685	55,685	-
Interest	-	-	-
Tuition and fees	-	-	-
Extracurricular activities	-	-	-
Gifts and donations (trust fund only)	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>307,987</u>	<u>307,987</u>	<u>-</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	50,854	50,854	-
Special	-	-	-
Vocational	-	-	-
Adult/continuing	-	-	-
Other	-	-	-
<b>Support services:</b>			
Pupils	-	-	-
Instructional staff	20,074	20,074	-
Board of education	-	-	-
Administration	-	-	-
Fiscal	6,667	6,667	-
Business	-	-	-
Operation and maintenance of plant	-	-	-
Pupil transportation	-	-	-
Central	-	-	-
Operation of non-instructional services	-	-	-
Extracurricular activities	-	-	-
Capital outlay	341,993	341,993	-
<b>Debt service:</b>			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>419,588</u>	<u>419,588</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(111,601)</u>	<u>(111,601)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Proceeds from sale of fixed assets	-	-	-
Refund of prior year expenditures	-	-	-
Advances in	52,000	52,000	-
Advances out	(52,000)	(52,000)	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(111,601)</u>	<u>(111,601)</u>	<u>-</u>
Fund balances at beginning of year	61,797	61,797	-
Prior year encumbrances appropriated	102,477	102,477	-
Fund balances at end of year	<u>\$ 52,673</u>	<u>\$ 52,673</u>	<u>\$ -</u>

See accompanying notes to the general purpose financial statements. 8

Fiduciary Fund Type			Totals (Memorandum Only)		
Expendable Trust Fund					
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 5,634,789	\$ 5,634,789	\$ -
-	-	-	8,877,529	8,877,529	-
-	-	-	176,234	176,234	-
-	-	-	1,544,439	1,544,439	-
-	-	-	87,796	87,796	-
4,495	4,495	-	4,495	4,495	-
-	-	-	103,309	103,309	-
4,495	4,495	-	16,428,591	16,428,591	-
-	-	-	6,287,975	6,287,975	-
-	-	-	1,729,487	1,729,487	-
-	-	-	220,609	220,609	-
-	-	-	4,825	4,825	-
-	-	-	248,797	248,797	-
-	-	-	759,490	759,490	-
4,603	4,603	-	836,751	836,751	-
-	-	-	9,885	9,885	-
-	-	-	1,679,913	1,679,913	-
-	-	-	343,033	343,033	-
-	-	-	18,915	18,915	-
-	-	-	1,570,704	1,570,704	-
-	-	-	1,439,836	1,439,836	-
-	-	-	46,986	46,986	-
-	-	-	157,021	157,021	-
779	779	-	347,676	347,676	-
-	-	-	728,998	728,998	-
-	-	-	128,901	128,901	-
-	-	-	32,448	32,448	-
5,382	5,382	-	16,592,250	16,592,250	-
(887)	(887)	-	(163,659)	(163,659)	-
-	-	-	77,630	77,630	-
-	-	-	(5,897)	(5,897)	-
-	-	-	317,291	317,291	-
-	-	-	(331,891)	(331,891)	-
-	-	-	6,901	6,901	-
-	-	-	(6,901)	(6,901)	-
-	-	-	57,133	57,133	-
(887)	(887)	-	(106,526)	(106,526)	-
3,710	3,710	-	2,334,537	2,334,537	-
1,010	1,010	-	667,621	667,621	-
\$ 3,833	\$ 3,833	\$ -	\$ 2,895,632	\$ 2,895,632	\$ -

**Crestwood Local School District**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Retained Earnings/Fund Balance**  
**Proprietary Fund Type and Nonexpendable Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<u>Operating revenues:</u>			
Sales	\$ 399,842	\$ -	\$ 399,842
Interest	-	2,039	2,039
Other operating revenues	-	70	70
Total operating revenue	399,842	2,109	401,951
<u>Operating expenses:</u>			
Salaries	193,386	-	193,386
Fringe benefits	67,171	-	67,171
Purchased services	7,236	-	7,236
Materials and supplies	82,837	-	82,837
Cost of sales	259,485	-	259,485
Depreciation	2,123	-	2,123
Other operating expenses	-	650	650
Total operating expenses	612,238	650	612,888
Operating income (loss)	(212,396)	1,459	(210,937)
<u>Non-operating revenues (expenses):</u>			
Federal donated commodities	85,817	-	85,817
Operating grants	106,897	-	106,897
Interest	696	-	696
Loss on disposal of fixed assets	(2,493)	-	(2,493)
Total non-operating revenues (expenses)	190,917	-	190,917
Net income (loss)	(21,479)	1,459	(20,020)
Retained earnings/fund balance at beginning of year	123,337	38,056	161,393
Retained earnings/fund balance at end of year	\$ 101,858	\$ 39,515	\$ 141,373

See accompanying notes to the general purpose financial statements.

**Crestwood Local School District**  
**Combined Statement of Cash Flows**  
**Proprietary Fund Type and Nonexpendable Trust Fund**  
**For the Year Ended June 30, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 399,842	\$ -	\$ 399,842
Cash received from other operating sources	-	70	70
Interest received on investments	-	2,039	2,039
Cash payments to suppliers for goods and services	(271,143)	-	(271,143)
Cash payments to employees for services	(187,562)	-	(187,562)
Cash payments for employee benefits	(70,252)	-	(70,252)
Cash payments for other operating expenses	-	(650)	(650)
Net cash provided by (used for) operating activities	<u>(129,115)</u>	<u>1,459</u>	<u>(127,656)</u>
<b>Cash flows from noncapital financing activities:</b>			
Operating grants	<u>123,294</u>	<u>-</u>	<u>123,294</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	<u>696</u>	<u>-</u>	<u>696</u>
Net increase (decrease) in cash and cash equivalents	(5,125)	1,459	(3,666)
Cash and cash equivalents at beginning of year	<u>81,102</u>	<u>38,056</u>	<u>119,158</u>
Cash and cash equivalents at end of year	<u>\$ 75,977</u>	<u>\$ 39,515</u>	<u>\$ 115,492</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	<u>\$ (212,396)</u>	<u>\$ 1,459</u>	<u>\$ (210,937)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	2,123	-	2,123
Federal donated commodities	85,817	-	85,817
<b>Change in assets and liabilities:</b>			
<b>(Increase) decrease in assets</b>			
Inventory	(3,770)	-	(3,770)
<b>Increase (decrease) in liabilities:</b>			
Accrued wages	4,152	-	4,152
Accounts payable	(884)	-	(884)
Compensated absences payable	1,584	-	1,584
Intergovernmental payable	(2,994)	-	(2,994)
Deferred revenue	(2,747)	-	(2,747)
Total adjustments	<u>83,281</u>	<u>-</u>	<u>83,281</u>
Net cash provided by operating activities	<u>\$ (129,115)</u>	<u>\$ 1,459</u>	<u>\$ (127,656)</u>

See accompanying notes to the general purpose financial statements.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 125 non-certificated and 180 certificated full time teaching personnel, including nine administrators, who provide services to 2,758 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board 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 School District's significant accounting policies are described below:

**A. Reporting Entity**

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Crestwood Local School District, this includes general operations, food service, preschool and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

Within the boundaries of the Crestwood Local School District, Saint Joseph of Mantua School is operated as a private school. State legislation provides funding to this private school. The School District receives the money and then disburses the money as directed by the private school. The accounting for the moneys is reflected in a special revenue fund of the School District.

The School District is associated with the Stark Portage Area Computer Consortium and the Portage County School Consortium which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 14.

**B. Basis of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**Governmental Fund Types:**

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

**General Fund** - The general fund is the operating fund of the School 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure 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 or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**Proprietary Fund Type:**

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Funds - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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.

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust, non-expendable trust and agency funds. An expendable trust fund is accounted for in essentially the same manner as governmental funds. A nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. An agency fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups:**

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

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

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

General Long-term Debt Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

C. Measurement Focus and Basis of Accounting

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

All enterprise funds and the non-expendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Enterprise and non-expendable trust funds' operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements, and student fees.

The School District reports deferred revenues 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. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of fiscal year end and delinquent property taxes, whose availability is indeterminable and which are intended to finance subsequent fiscal year operations, have been recorded as deferred revenue.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the enterprise and non-expendable trust funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

#### D. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Even though annual budgets are legally adopted, enterprise and non-expendable trust budgetary statements have not been presented since they are not required under GAAP. The primary level of budgetary control is at the object level within each function for the general, Bond Retirement debt service, and Permanent Improvements capital projects funds and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

#### Tax Budget:

Prior to January 15, 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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Portage County Budget Commission for rate determination.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

Estimated Resources:

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 that states the projected revenue of each fund. Prior to June 30, the School 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during the current fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the Annual Appropriation Resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures for the general, Bond Retirement debt service, and Permanent Improvements capital projects funds and at the fund level for all other funds, which are the legal levels of budgetary control. Prior to the passage of an annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, 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 at the legal level of control. Any revisions that alter the fund appropriation at the legal level of budgetary control must be approved by the Board of Education.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for enterprise funds.

Lapsing of Appropriations:

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

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

E. *Cash and Cash Equivalents*

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including enterprise funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented on the General Purpose Financial Statements in the account, "Equity in pooled cash and cash equivalents." During the current fiscal year investments were limited to certificates of deposit, and overnight repurchase agreements. These investments are stated at cost which approximates market. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as listed in Note 4.

The School District utilizes a financial institution to service debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "Cash and cash equivalents with fiscal agent" and represents deposits. This account had a balance of \$114,288 at year end for debt retirement and interest due on July 1, 1999.

The balance of \$37,199 in the account "Cash in segregated accounts" on the combined balance sheet represents deposits into certificates of deposit of monies of the non-expendable trust fund.

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 a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. During the fiscal year all investments of the School District and of the fiscal agent had a maturity of three months or less.

F. *Inventory*

Inventories of governmental funds are stated at cost while inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds was not significant at year end. Inventories of enterprise funds consist of donated food, purchased food, and supplies held for resale and are expensed when used.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the enterprise fund type is computed using the straight line method over an estimated useful life of eight to twenty years.

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of school buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and all other grant requirements have been met. Other than commodities, grants and entitlements for enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

*General Fund*

State Foundation Program  
State Property Tax Relief

Non-Reimbursable Grants

*Special Revenue Funds*

Staff Development  
Educational Management Information System  
Excellence In Education  
Portage Private Industry Council  
Title VI-B  
Title I  
Title VI  
Drug Free Schools  
Auxiliary Services

*Capital Projects Fund*

School Net  
Technology Equity

Reimbursable Grants

*General Fund*

School Bus Purchase Reimbursement  
Driver Education Reimbursement

*Enterprise Funds*

National School Lunch Program  
Government Donated Commodities

J. Short-term Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables/payables."

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on the sick leave accumulated at June 30 by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

Accumulated vacation and sick leave of employees paid from governmental funds has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term debt account group. Vacation and sick leave for employees paid from enterprise funds are recorded as an expense and liability of the fund.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds that is not subject to repayment. 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. There was no change in contributed capital during the current fiscal year.

M. Accrued Liabilities and 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 governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, endowment, purchase of school buses and budget reserve.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

P. Total Columns on General Purpose Financial Statements

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 cash flows 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 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, All Governmental Fund Types and Expendable Trust Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>				
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
<i>GAAP Basis</i>	\$ 237,097	\$ 47,602	\$ 192,154	\$ (374)
<i>Revenue Accruals</i>	102,988	93,489	29,246	1
<i>Expenditure Accruals</i>	188,561	(99,641)	(230,524)	496
<i>Encumbrances (Budget Basis)</i>				
<i>Outstanding at year end</i>	<u>(538,373)</u>	<u>(25,761)</u>	<u>(102,477)</u>	<u>(1,010)</u>
<i>Budget Basis</i>	<u>\$ (9,727)</u>	<u>\$ 15,689</u>	<u>\$ (111,601)</u>	<u>\$ (887)</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim moneys may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

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

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits:**

The carrying value of the School District's deposits and petty cash totalled \$44,429 and the bank balances of the deposits totalled \$331,488. Of the bank balance, \$247,199 was covered by federal depository insurance. \$84,289 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

Investments:

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

All interest is legally required to be placed in the general fund, the Public School Support special revenue fund, Food Service enterprise fund, and the Memorial nonexpendable trust fund. Due to these provisions, the general and Memorial funds received \$176,123, and \$2,039, respectively. Of these amounts, the general and Memorial funds received interest from other School District funds in the amount of \$31,244 and \$1,730, respectively.

The only School District investment at year end was a repurchase agreement. It is a Category 3 investment, with a carrying value and a fair value of \$4,281,478.

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1994 for the following tax year. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

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. Under certain circumstances, state statute permits earlier or later payment dates to be established.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$360,705 in the general fund and \$27,442 in the Permanent Improvement capital projects fund and is recognized as revenue.

There were no new levies passed during the current fiscal year. The assessed values upon which the current fiscal year taxes were collected are:

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<u>Property Category</u>	<u>1998 Assessed Value</u>	<u>1997 Assessed Value</u>
<u>Real Property</u>		
Residential and Agricultural	\$ 160,464,964	\$ 156,732,842
Commercial and Industrial	13,951,830	13,503,290
Public Utilities	4,960	4,990
 <u>Tangible Personal Property</u>		
General	12,935,714	11,166,376
Public Utilities	15,879,870	15,070,260
Total	<u>\$ 203,237,338</u>	<u>\$ 196,477,758</u>

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CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

**NOTE 6 - RECEIVABLES**

Receivables at year end consisted of taxes, accounts (tuition and excess costs), interfund and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The general fund's intergovernmental receivable at year end consisted of \$812,561.

**NOTE 7 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at year end follows:

<i>Classification</i>	<i>Balance</i>
<i>Equipment</i>	\$ 222,653
<i>Less: accumulated depreciation</i>	<u>108,498</u>
<i>Net Fixed Assets</i>	<u>\$ 114,155</u>

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

	<i>Balance</i>				<i>Balance</i>
	<i>July 1</i>	<i>Additions</i>	<i>Deletions</i>		<i>June 30</i>
<i>Land and improvements</i>	\$ 1,096,617	\$ 38,834	\$ 25,520	\$	1,109,931
<i>Buildings</i>	6,194,548	17,450	-	-	6,211,998
<i>Furniture and equipment</i>	3,701,884	497,712	293,931	-	3,905,665
<i>Vehicles</i>	1,857,454	345,074	106,474	-	2,096,054
<i>Construction in progress</i>	-	226,885	-	-	226,885
<i>Total</i>	<u>\$ 12,850,503</u>	<u>\$ 1,125,955</u>	<u>\$ 425,925</u>	<u>\$</u>	<u>13,550,533</u>

**NOTE 8 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

The School District has joined the Portage County School Consortium for health insurance for the School District's employees. The Portage County School Consortium was established in 1981 to enable thirteen educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverages as a group. The consortium has organized into two distinct entities to facilitate its risk management operations. The Property and Casualty Insurance Pool functions to manage the member districts' physical property and liability risks. The Health and Welfare Trust is to facilitate the management of risks associated with providing employee benefits, coverages such as health and accident insurance, disability insurance and life insurance. The School District participates in the Health and Welfare Trust. The consortium retains a third-party administrator to facilitate the operation of the Health and Welfare Trust. The School District pays all insurance premiums directly to the consortium. Although the School District does not participate in the day-to-day management of the consortium, one of its administrators serves as a trustee of the consortium's governing board as provided in the consortium's enabling authority. The School District recognizes that it retains a contingent liability to provide insurance coverages should the assets of the consortium become depleted, it is the opinion of management that the assets of the consortium are sufficient to meet its claims.

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

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained from the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute nine percent of their annual covered salary and the School District is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to the statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$311,443, \$334,105, and \$290,577, respectively; forty-five percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$180,321 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.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of ten percent for members and fourteen percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$996,840, \$970,048, and \$933,005, respectively; eighty-three percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$166,668 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to 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 fourteen percent of covered payroll. The retirement board currently allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$569,623 during the 1999 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$2,156 million at June 30, 1998, (latest information available). For the year ended June 30, 1998, the net health care costs paid by the STRS were \$219,224,000 and eligible benefit recipients totaled 91,999.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, 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 seventy-five percent of the premium. For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to fourteen percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1998, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the fourteen percent contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$110,785, which includes a surcharge of \$23,703 during the 1999 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998, (latest information available) were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the SERS's net assets available for payment of health care benefits was \$160.3 million, at cost. The number of participants receiving health care benefits was approximately 50,000.

**NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The School District entered into five new capital lease during the current fiscal year. In prior years, the School District has entered into capitalized leases for the acquisition of copiers. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, as equipment, at \$199,802 equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term debt account group. Principal payments in the current fiscal year totaled \$20,590.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year end.

	<i>Lease Payments</i>
2000	\$ 33,975
2001	33,975
2002	33,975
2003	33,975
2004	21,935
<i>Total minimum lease payments</i>	<u>157,835</u>
<i>Less: amount representing interest</i>	<u>(22,288)</u>
<i>Total</i>	<u>\$ 135,547</u>

**NOTE 12 - LONG-TERM DEBT**

Changes in long-term obligations of the School District during the fiscal year were as follows:

	<i>Balance July 1</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30</i>
<b><u>General Long-Term Debt</u></b>				
<i>Energy Conservation Notes, 6.350% maturing on June 1, 2002</i>	\$ 450,000	\$ -	\$ 100,000	\$ 350,000
<i>Energy Conservation Notes, 5.030% maturing on June 1, 2001</i>	88,000	-	22,000	66,000
<i>EPA Asbestos Removal Loan, 0.000% maturing on December 1, 2001</i>	103,518	-	6,901	96,617
<i>Total Bonds</i>	<u>641,518</u>	<u>-</u>	<u>128,901</u>	<u>512,617</u>
<b><u>Other Obligations</u></b>				
<i>Long-term compensated absences</i>	637,226	82,405	-	719,631
<i>Employer pension obligations</i>	119,985	111,275	119,985	111,275
<i>Capital lease payable</i>	42,806	148,153	55,412	135,547
<i>Total Other Obligations</i>	<u>800,017</u>	<u>341,833</u>	<u>175,397</u>	<u>966,453</u>
<i>Total General Long-Term Debt</i>	<u>\$ 1,441,535</u>	<u>\$ 341,833</u>	<u>\$ 304,298</u>	<u>\$ 1,479,070</u>

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

The annual requirements to amortize all loans and notes outstanding as of year end including interest payments of \$50,383 are as follows:

	<i>Energy Conservation Notes</i>	<i>Energy Conservation Notes</i>	<i>EPA Asbestos Removal Loan</i>	<i>Total Debt</i>
2000	\$ 132,225	\$ 24,767	\$ 6,901	\$ 163,893
2001	130,240	23,660	6,901	160,801
2002	132,938	22,553	6,901	162,392
2003	-	-	6,901	6,901
2004	-	-	6,901	6,901
Thereafter	-	-	62,112	62,112
<b>Total</b>	<b><u>\$ 395,403</u></b>	<b><u>\$ 70,980</u></b>	<b><u>\$ 96,617</u></b>	<b><u>\$ 563,000</u></b>

The Energy Conservation Notes Payable and the Asbestos Removal Loan Payable will be paid from the Bond Retirement debt service fund. A current portion of the Energy Conservation Note Payable is shown in the debt service fund for \$100,000. This principal payment is due July 1, 1999, and is to be paid from funds on deposit with a fiscal agent. Compensated absences and employer pension due to the School Employees Retirement System will be paid from the fund from which the person is paid.

**NOTE 13 - INTERFUND TRANSACTIONS**

Interfund balances at year end consist of the following individual fund receivables and payables:

Interfund Receivable/Payable

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Title VI-B special revenue	\$ 10,261
General	Title I special revenue	19,999
General	Athletics special revenue	2,500
General	Uniform School Supply enterprise	1,000
General	Student Activities agency	24,100
	<b>Total</b>	<b><u>\$ 57,860</u></b>

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

Stark Portage Area Computer Consortium (SPARCC) is the computer service organization or Data Acquisition Site (DAS) used by the School District. SPARCC is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Stark County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs SPARCC. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to SPARCC are made from the general fund. During the fiscal year, the School District contributed \$71,475 to SPARCC.

Portage County School Consortium is an insurance group-purchasing consortium made up of thirteen school districts in Portage county. All member districts pay an insurance premium directly to the consortium. The School District paid \$1,276,649 in the form of health care premiums to the consortium for the current fiscal year.

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

<i>Description</i>	<i>Food Service</i>	<i>Uniform School Supplies</i>	<i>Total</i>
<i>Operating revenues</i>	\$ 345,463	\$ 54,379	\$ 399,842
<i>Depreciation expense</i>	2,123	-	2,123
<i>Operating income (loss)</i>	(220,146)	7,750	(212,396)
<i>Operating grants</i>	106,897	-	106,897
<i>Donated commodities</i>	85,817	-	85,817
<i>Net income (loss)</i>	(29,229)	7,750	(21,479)
<i>Contributed capital</i>	24,389	-	24,389
<i>Fixed asset deletions</i>	6,156	-	6,156
<i>Net working capital</i>	13,894	22,795	36,689
<i>Total assets</i>	197,949	23,854	221,803
<i>Compensated absences payable</i>	13,567	-	13,567
<i>Total equity</i>	114,482	22,795	137,277
<i>Encumbrances outstanding (budget basis) at June 30, 1999</i>	\$ 4,339	\$ 489	\$ 4,828

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

**NOTE 16 - CONTINGENCIES**

**A. Grants:**

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

**B. Litigation:**

One Ohio Worker's Compensation claim is pending against the School District. It is management's opinion that the ultimate liability will be covered by Worker's Compensation coverage and/or will not have a material effect on the financial statements.

**C. School Funding:**

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 Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$7,319,535 of school foundation support for its general fund.

Since the Court's ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry 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. As of the date of these financial statements, 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.

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

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

**NOTE 17 – CONSTRUCTION COMMITMENTS**

At the end of the year, the School District was in the process of constructing a new field house and grandstands at the high school. The construction of the field house is a commitment of the general fund in the amount of \$85,285 and the grandstands are a commitment of the Permanent Improvement capital projects fund in the amount of \$241,420. As of June 30, 1999, the School District has recorded construction in progress of \$226,885 as a result of these projects.

**NOTE 18 – CONTRIBUTED CAPITAL**

Contributed capital was first recorded by the District as of fiscal year ended June 30, 1999. Amounts contributed prior to that fiscal year end are not reasonably determinable and, therefore, were included in retained earnings. The amount of contributed capital during the fiscal year ended June 30, 1999 was \$24,389.

**NOTE 19 – THE YEAR 2000 ISSUES**

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

The School District has completed an inventory of computer systems and other equipment necessary to conducting School District operations and has identified such systems as being financial reporting, payroll and employee benefits, equipment inventory and education management information reporting.

The School District uses the State of Ohio Uniform School Accounting System (USAS) for financial reporting, the Uniform Staff Payroll System (USPS) for payroll and employee benefits, the Equipment Inventory System (EIS) for equipment and vehicle inventory and the Education Management and Information System (EMIS) for educational statistics reporting. The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems and all associated costs thereof.

Portage County collects property taxes for distribution to the School District. Portage County is responsible for remediating the tax collection system and all associated costs thereof.

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 School District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

CRESTWOOD LOCAL SCHOOL DISTRICT  
Notes to the General Purpose Financial Statements  
For the fiscal year ended June 30, 1999

**NOTE 20 – STATUTORY RESERVES**

The School District is required by State statute to annually set aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Amounts are also to be set aside for budget stabilization if the School District's revenues increase three percent or more from the prior year. The School District was required to set-aside additional monies for fiscal 1999. During the fiscal year, the School District received money for the purchase of school buses which is being carried forward to next year.

During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Budget Stabilization Reserve</i>	<i>School Bus Reserve</i>
<i>Set-aside Cash Balance as of June 30, 1998</i>	\$ -	\$ -	\$ 81,374	\$ 67,116
<i>Current Year Set-aside Requirement</i>	210,682	210,682	105,341	58,476
<i>Current Year Offset</i>	(39,304)	(294,031)	-	-
<i>Qualifying Disbursements</i>	(389,557)	-	-	(67,116)
<i>Total</i>	<u>\$ (218,179)</u>	<u>\$ (83,349)</u>	<u>\$ 186,715</u>	<u>\$ 58,476</u>
<i>Cash Balance Carried Forward to FY 2000</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,715</u>	<u>\$ 58,476</u>

**NOTE 21 – FUND DEFICITS**

As of June 30, 1999, three special revenue funds had deficit fund balances. These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The District Managed Student Activities fund, Title VI-B fund, and Title I fund, had deficit fund balances of \$2,898, \$14,258 and \$14,378, respectively.

# Lennon & Company

Certified Public Accountant

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of Crestwood Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 17, 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.

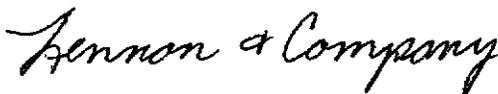
### Compliance

As part of obtaining reasonable assurance about whether Crestwood Local School District's 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crestwood Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management 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.



Lennon & Company  
Certified Public Accountant  
December 17, 1999

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of Crestwood Local School District 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 each of its major federal programs for the year ended June 30, 1999. Crestwood Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Crestwood Local School District's management. Our responsibility is to express an opinion on Crestwood Local School District's 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crestwood Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Crestwood Local School District's compliance with those requirements.

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

### Internal Control Over Compliance

The management of Crestwood Local School 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 Crestwood Local School 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.

Crestwood Local School District  
Report on Compliance With Requirements Applicable to Each Major Program  
And Internal Control Over Compliance in Accordance with OMB Circular A-133  
Page 2

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 of management 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.

*Lennon & Company*

Lennon & Company  
Certified Public Accountant  
December 17, 1999

**Crestwood Local School District  
Portage County**

Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 1999

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$ -	\$ 70,308	\$ -	\$ 85,817
National School Lunch Program	N/A	10.555	117,339	-	117,339	-
Total U.S. Department of Agriculture - Nutrition Cluster			<u>117,339</u>	<u>70,308</u>	<u>117,339</u>	<u>85,817</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Passed Through Ohio Department of Education:						
Title VIB Educationally Handicapped	6B-SF-97 P 6B-SF-98 P	84.027	2,315 92,354 <u>94,669</u>	- - -	8,646 89,893 <u>98,539</u>	- - -
Title I ESEA	C1-S1-98 C1-SD-98 C1-S1-98 C C1-S1-99 C1-SD-99	84.010	17,943 299 2,062 179,988 <u>17,613</u> <u>217,905</u>	- - - - -	32,560 - 2,062 160,090 <u>17,613</u> <u>212,325</u>	- - - - -
Drug Free Schools	DR-S1-97 DR-S1-98 DR-S1-99	84.186	(1,356) - 13,119 <u>11,763</u>	- - -	- 1,400 11,663 <u>13,063</u>	- - -
Title VI Innovative Programs	C2-S1-98 C2-S1-99	84.298	- 11,070 <u>11,070</u>	- - -	29 8,475 <u>8,504</u>	- - -
Goals 2000	G2-S2 99	84.276	15,000	-	-	-
Total U.S. Department of Education			<u>350,407</u>	<u>-</u>	<u>332,431</u>	<u>-</u>
<b>U.S. DEPARTMENT OF LABOR</b>						
Passed Through Ohio Department of Education:						
School to Work	WK-BE 98	17.249	15,166	-	6,546	-
Total U.S. Department of Labor			<u>15,166</u>	<u>-</u>	<u>6,546</u>	<u>-</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u>\$ 482,912</u>	<u>\$ 70,308</u>	<u>\$ 456,316</u>	<u>\$ 85,817</u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

Crestwood Local School District  
Notes to the Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 1999

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities in inventory.

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

**CRESTWOOD LOCAL SCHOOL DISTRICT  
June 30, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster CFDAs 10.555, 10.550
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



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OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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CRESTWOOD LOCAL SCHOOL DISTRICT  
PORTAGE COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: MARCH 14, 2000