

CRESTVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

GENERAL PURPOSE FINANCIAL STATEMENTS

For The Year Ended June 30, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Crestview Local School District
531 East Tully Street
Convoy, Ohio 45832

We have reviewed the Independent Auditor's Report of the Crestview Local School District, Van Wert County, prepared by LaVallee & Company, CPAs, for the audit period July 1, 2001 through June 30, 2002. 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 Crestview Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 27, 2002

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

ELECTED OFFICIALS
As Of June 30, 2002

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>Board of Education</u>					
John Auld	President	1/1/00-12/31/03	(A)	\$20,000	1/1/00 1/1/04
Thad Lichlensleiger	Member	1/1/00-12/31/03	(A)	20,000	1/1/00 1/1/04
Brad Baxter	Member	1/1/02-12/31/05	(A)	20,000	1/1/02 1/1/06
Lonnie Nedderman	Member	1/1/02-12/31/05	(A)	20,000	1/1/02 1/1/06
Pam Motycka	Member	1/1/02-12/31/05	(A)	20,000	1/1/02 1/1/06

ADMINISTRATIVE PERSONNEL

<u>TITLE</u>	<u>CONTRACT PERIOD</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>Treasurer</u>				
Laura A. Metzger	1/1/99 - 12/31/02	(A)	\$20,000	1/1/99 12/31/02
<u>Superintendent</u>				
John Basinger	10/1/00 - 7/31/03	(A)	\$20,000	10/1/00 1/1/04

LaVallee & Company

Certified Public Accountants
The CPA. Never under estimate The Value.SM

969 W. North Street
Lima, Ohio 45805
(419)222-1120
FAX(419)222-2968

Alan L. LaVallee, CPA
Neil J. Reichenbach, CPA

October 31, 2002

Crestview Local School District
Van Wert County
531 East Tully Street
Convoy, Ohio 45832

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the Crestview Local School District, Van Wert County, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the 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 auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Crestview Local School District, Van Wert County, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2002 on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions, laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

LaVallee & Company, CPAs

Crestview Local School District, Van Wert County
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Cash	\$ 1,784,289	\$ 123,826	\$ 122,457	\$ 290,316
Restricted Cash	92,356	-	-	-
Receivables:				
Taxes	1,625,906	-	275,883	108,669
Accounts	300	1,263	-	-
Accrued Interest	5,588	-	-	-
Intergovernmental	-	-	-	-
Prepaid Items	18,261	-	-	-
Inventory	-	-	-	-
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	-	-	-	-
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-
Total Assets and Other Debits	\$ 3,526,700	\$ 125,089	\$ 398,340	\$ 398,985
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 3,795	\$ 12,345	\$ -	\$ -
Accrued Salaries and Benefits	510,381	87	-	-
Compensated Absences Payable	8,587	-	-	-
Intergovernmental Payable	71,358	1,170	-	-
Deferred Revenue	1,454,764	-	247,041	97,177
Due to Students	-	-	-	-
Bonds Payable	-	-	-	-
Total Liabilities	2,048,885	13,602	247,041	97,177
Fund Equity and Other Credits:				
Investment in General Fixed Assets	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balance:				
Reserved for Trusts	-	-	-	-
Reserved for Encumbrances	28,072	11,764	-	-
Reserved for Prepaid Items	18,261	-	-	-
Reserved for Debt Service	-	-	122,457	-
Reserved for Taxes	171,142	-	28,842	11,492
Reserved for Budget Stabilization	92,356	-	-	-
Unreserved	1,167,984	99,723	-	290,316
Total Fund Equity and Other Credits	1,477,815	111,487	151,299	301,808
Total Liabilities, Fund Equity and Other Credits	\$ 3,526,700	\$ 125,089	\$ 398,340	\$ 398,985

The accompanying notes are an integral part of the financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary</u> <u>Fund Types</u>	<u>Account Groups</u>		Totals (Memorandum Only)
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 98,392	\$ 368	\$ 34,726	\$ -	\$ -	\$ 2,454,374
-	-	-	-	-	92,356
-	-	-	-	-	2,010,458
1,647	-	-	-	-	3,210
-	-	-	-	-	5,588
45	-	-	-	-	45
-	-	-	-	-	18,261
10,351	-	-	-	-	10,351
114,343	-	-	16,466,543	-	16,580,886
-	-	-	-	151,299	151,299
-	-	-	-	1,860,722	1,860,722
\$ 224,778	\$ 368	\$ 34,726	\$ 16,466,543	\$ 2,012,021	\$ 23,187,550
\$ -	\$ -	\$ 317	\$ -	\$ -	\$ 16,457
16,597	-	-	-	-	527,065
8,914	-	-	-	253,156	270,657
10,776	-	-	-	32,673	115,977
4,912	-	-	-	-	1,803,894
-	-	12,602	-	-	12,602
-	-	-	-	1,726,192	1,726,192
41,199	-	12,919	-	2,012,021	4,472,844
-	-	-	16,466,543	-	16,466,543
183,579	-	-	-	-	183,579
-	368	-	-	-	368
-	-	4,900	-	-	44,736
-	-	-	-	-	18,261
-	-	-	-	-	122,457
-	-	-	-	-	211,476
-	-	-	-	-	92,356
-	-	16,907	-	-	1,574,930
183,579	368	21,807	16,466,543	-	18,714,706
\$ 224,778	\$ 368	\$ 34,726	\$ 16,466,543	\$ 2,012,021	\$ 23,187,550

**Crestview Local School District
Van Wert County
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2002**

	Governmental Fund Type	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 1,647,687	\$ 29,656
Tuition and Fees	272,875	-
Intergovernmental	3,951,213	203,261
Interest	115,989	313
Rent	350	-
Extracurricular Activities	-	200,269
Gifts and Donations	441	1,270
Total Revenues	<u>5,988,555</u>	<u>434,769</u>
Expenditures:		
Current:		
Instruction:		
Regular	2,967,185	39,500
Special	568,870	99,711
Vocational	140,837	4,000
Other	14,291	-
Support Services:		
Pupils	375,083	26,519
Instruction	102,302	43,537
Board of Education	21,530	-
School Administration	453,280	124
Fiscal	165,919	-
Operation and Maintenance of Plant	466,376	31,646
Pupil Transportation	245,886	-
Central Services	82,800	-
Extracurricular Activities	170,020	194,693
Capital Outlay	3,000	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>5,777,379</u>	<u>439,730</u>
Excess of Revenues Over (Under) Expenditures	<u>211,176</u>	<u>(4,961)</u>
Other Financing Sources (Uses):		
Proceeds from Sale of Fixed Assets	200	-
Other Financing Sources	-	241
Total Other Financing Sources (Uses)	<u>200</u>	<u>241</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	211,376	(4,720)
Restated Fund Balances at Beginning of Year	<u>1,266,439</u>	<u>116,207</u>
Fund Balances at End of Year	<u>\$ 1,477,815</u>	<u>\$ 111,487</u>

The accompanying notes are an integral part of the financial statements.

<u>Governmental Fund Type</u>		<u>Fiduciary</u>	Totals
<u>Debt</u>	<u>Capital</u>	<u>Fund Type</u>	(Memorandum
<u>Service</u>	<u>Projects</u>	<u>Expendable</u>	<u>Only)</u>
		<u>Trust</u>	
\$ 276,979	\$ 80,576	\$ -	\$ 2,034,898
-	-	-	272,875
32,927	53,687	-	4,241,088
-	-	-	116,302
-	-	-	350
-	-	-	200,269
-	-	17,494	19,205
<u>309,906</u>	<u>134,263</u>	<u>17,494</u>	<u>6,884,987</u>
-	26,084	9,294	3,042,063
-	-	2,922	671,503
-	1,254	-	146,091
-	-	-	14,291
-	-	-	401,602
-	2,400	-	148,239
-	-	-	21,530
-	-	-	453,404
7,679	2,062	-	175,660
-	-	-	498,022
-	-	-	245,886
-	-	-	82,800
-	-	-	364,713
-	73,394	-	76,394
230,000	-	-	230,000
58,928	-	-	58,928
<u>296,607</u>	<u>105,194</u>	<u>12,216</u>	<u>6,631,126</u>
<u>13,299</u>	<u>29,069</u>	<u>5,278</u>	<u>253,861</u>
-	-	-	200
-	-	-	241
-	-	-	441
13,299	29,069	5,278	254,302
138,000	272,739	16,529	1,809,914
<u>\$ 151,299</u>	<u>\$ 301,808</u>	<u>\$ 21,807</u>	<u>\$ 2,064,216</u>

CRESTVIEW LOCAL SCHOOL DISTRICT
Van Wert County
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Similar Fiduciary Funds
For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types		
	General Fund		
	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 1,628,516	\$ 1,621,528	\$ (6,988)
Tuition and Fees	273,000	272,875	(125)
Intergovernmental	3,935,233	3,951,213	15,980
Interest	122,000	116,659	(5,341)
Rent	50	50	-
Extracurricular Activities	-	-	-
Gifts and Donations	441	441	-
Total Revenues	5,959,240	5,962,766	3,526
Expenditures:			
Current:			
Instruction:			
Regular	3,119,731	2,944,133	175,598
Special	595,333	563,487	31,846
Vocational	155,202	142,467	12,735
Other	14,500	14,291	209
Support Services:			
Pupils	400,248	373,895	26,353
Instruction	97,695	102,129	(4,434)
Board of Education	33,365	25,097	8,268
Administration	500,551	459,877	40,674
Fiscal	175,820	166,857	8,963
Operation and Maintenance	530,077	487,118	42,959
Transportation	275,014	248,496	26,518
Central Services	77,721	81,997	(4,276)
Extracurricular Activities	221,585	181,708	39,877
Capital Outlay	8,000	3,000	5,000
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	6,204,842	5,794,552	410,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	(245,602)	168,214	413,816
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	200	200	-
Refund of Prior Year Expenditures	224	224	-
Refund of Prior Year Receipts	-	-	-
Other Financing Sources	-	-	-
Total Other Financing Sources (Uses)	424	424	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(245,178)	168,638	413,816
Fund Balances at Beginning of Year	1,667,235	1,667,235	-
Prior Year Encumbrances Appropriated	8,905	8,905	-
Fund Balances at End of Year	\$ 1,430,962	\$ 1,844,778	\$ 413,816

The accompanying notes are an integral part of the financial statements.

Governmental Fund Types

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 29,656	\$ 29,656	\$ -	\$ 273,554	\$ 273,022	\$ (532)
-	-	-	-	-	-
200,728	202,382	1,654	32,925	32,926	1
450	314	(136)	-	-	-
-	-	-	-	-	-
193,837	203,911	10,074	-	-	-
13,270	1,270	(12,000)	-	-	-
437,941	437,533	(408)	306,479	305,948	(531)
40,853	39,537	1,316	-	-	-
93,176	92,228	948	-	-	-
4,000	4,000	-	-	-	-
-	-	-	-	-	-
26,541	26,541	-	-	-	-
46,557	44,607	1,950	-	-	-
-	-	-	-	-	-
125	125	-	-	-	-
-	-	-	9,150	7,679	1,471
73,226	31,888	41,338	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
222,060	206,842	15,218	-	-	-
-	-	-	-	-	-
-	-	-	230,000	230,000	-
-	-	-	58,928	58,928	-
506,538	445,768	60,770	298,078	296,607	1,471
(68,597)	(8,235)	60,362	8,401	9,341	940
-	-	-	-	-	-
1,700	1,704	4	-	-	-
(1,297)	(1,297)	-	-	-	-
250	241	(9)	-	-	-
653	648	(5)	-	-	-
(67,944)	(7,587)	60,357	8,401	9,341	940
101,964	101,964	-	113,116	113,116	-
5,339	5,339	-	-	-	-
\$ 39,359	\$ 99,716	\$ 60,357	\$ 121,517	\$ 122,457	\$ 940

CRESTVIEW LOCAL SCHOOL DISTRICT
Van Wert County
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Similar Fiduciary Funds (Continued)
For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types		
	<u>Capital Projects Funds</u>		
	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 78,910	\$ 78,770	\$ (140)
Tuition and Fees	-	-	-
Intergovernmental	67,005	67,005	-
Interest	-	-	-
Rent	-	-	-
Extracurricular Activities	-	-	-
Gifts and Donations	-	-	-
	<hr/>		
Total Revenues	145,915	145,775	(140)
<hr/>			
Expenditures:			
Current:			
Instruction:			
Regular	34,028	34,028	-
Special	-	-	-
Vocational	1,254	1,254	-
Other	-	-	-
Support Services:			
Pupils	-	-	-
Instruction	21,314	2,400	18,914
Board of Education	-	-	-
Administration	-	-	-
Fiscal	2,250	2,062	188
Operation and Maintenance	1	1	-
Transportation	-	-	-
Central Services	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	212,600	73,394	139,206
Debt Service:			
Principal	-	-	-
Interest	-	-	-
	<hr/>		
Total Expenditures	271,447	113,139	158,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,532)	32,636	158,168
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Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipts	-	-	-
Other Financing Sources	-	-	-
	<hr/>		
Total Other Financing Sources (Uses)	-	-	-
<hr/>			
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(125,532)	32,636	158,168
Fund Balances at Beginning of Year	249,680	249,680	-
Prior Year Encumbrances Appropriated	8,000	8,000	-
	<hr/>		
Fund Balances at End of Year	\$ 132,148	\$ 290,316	\$ 158,168

The accompanying notes are an integral part of the financial statements.

Fiduciary Fund Types			Totals		
<u>Expendable Trust Funds</u>			<u>(Memorandum Only)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 16,684	\$ 17,494	\$ 810	\$ 2,027,320	\$ 2,020,470	\$ (6,850)
-	-	-	273,000	272,875	(125)
-	-	-	4,235,891	4,253,526	17,635
-	-	-	122,450	116,973	(5,477)
-	-	-	50	50	-
-	-	-	193,837	203,911	10,074
-	-	-	13,711	1,711	(12,000)
<u>16,684</u>	<u>17,494</u>	<u>810</u>	<u>6,866,259</u>	<u>6,869,516</u>	<u>3,257</u>
21,430	14,194	7,236	3,216,042	3,031,892	184,150
4,425	2,921	1,504	692,934	658,636	34,298
-	-	-	160,456	147,721	12,735
-	-	-	14,500	14,291	209
-	-	-	426,789	400,436	26,353
-	-	-	165,566	149,136	16,430
-	-	-	33,365	25,097	8,268
-	-	-	500,676	460,002	40,674
-	-	-	187,220	176,598	10,622
-	-	-	603,304	519,007	84,297
-	-	-	275,014	248,496	26,518
-	-	-	77,721	81,997	(4,276)
-	-	-	443,645	388,550	55,095
-	-	-	220,600	76,394	144,206
-	-	-	230,000	230,000	-
-	-	-	58,928	58,928	-
<u>25,855</u>	<u>17,115</u>	<u>8,740</u>	<u>7,306,760</u>	<u>6,667,181</u>	<u>639,579</u>
<u>(9,171)</u>	<u>379</u>	<u>9,550</u>	<u>(440,501)</u>	<u>202,335</u>	<u>642,836</u>
-	-	-	200	200	-
-	-	-	1,924	1,928	4
-	-	-	(1,297)	(1,297)	-
-	-	-	250	241	(9)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077</u>	<u>1,072</u>	<u>(5)</u>
(9,171)	379	9,550	(439,424)	203,407	642,831
16,098	16,098	-	2,148,093	2,148,093	-
430	430	-	22,674	22,674	-
<u>\$ 7,357</u>	<u>\$ 16,907</u>	<u>\$ 9,550</u>	<u>\$ 1,731,343</u>	<u>\$ 2,374,174</u>	<u>\$ 642,831</u>

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**Crestview Local School District
Van Wert County
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues:			
Sales	\$ 313,477	\$ -	\$ 313,477
Charges for Services	24,987	-	24,987
Other Revenues	-	60,098	60,098
	<u>338,464</u>	<u>60,098</u>	<u>398,562</u>
Total Operating Revenue			
Operating Expenses:			
Salaries	141,335	-	141,335
Fringe Benefits	41,381	-	41,381
Purchased Services	28,995	59,740	88,735
Materials and Supplies	219,634	-	219,634
Depreciation	17,886	-	17,886
Capital Outlay	2,168	-	2,168
Other	143	-	143
	<u>451,542</u>	<u>59,740</u>	<u>511,282</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(113,078)</u>	<u>358</u>	<u>(112,720)</u>
Non-Operating Revenues:			
Operating Grants	71,121	-	71,121
Federal Donated Commodities	23,786	-	23,786
Other	970	-	970
Interest	3,233	-	3,233
	<u>99,110</u>	<u>-</u>	<u>99,110</u>
Total Non-Operating Revenues			
Income (Loss) before Operating Transfers	<u>(13,968)</u>	<u>358</u>	<u>(13,610)</u>
Income (Loss)	(13,968)	358	(13,610)
Retained Earnings at Beginning of Year	<u>197,547</u>	<u>10</u>	<u>197,557</u>
Retained Earnings at End of Year	<u>\$ 183,579</u>	<u>\$ 368</u>	<u>\$ 183,947</u>

The accompanying notes are an integral part of the financial statements.

**Crestview Local School District
 Van Wert County
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$ 313,373	\$ 313,605	\$ 232
Charges for Services	24,300	23,375	(925)
Miscellaneous	-	-	-
Total Revenues	<u>337,673</u>	<u>336,980</u>	<u>(693)</u>
Expenditures:			
Salaries	146,860	141,411	5,449
Fringe Benefits	43,285	41,439	1,846
Purchased Services	9,450	7,140	2,310
Materials and Supplies	235,673	219,889	15,784
Capital Outlay	15,500	5,658	9,842
Other	150	143	7
Total Expenditures	<u>450,918</u>	<u>415,680</u>	<u>35,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(113,245)</u>	<u>(78,700)</u>	<u>34,545</u>
Other Financing Sources (Uses):			
Interest	3,450	3,233	(217)
Federal and State Subsidies	61,964	78,628	16,664
Other	1,000	970	(30)
Refund of Prior Year Expense	215	215	-
Total Other Financing Sources (Uses)	<u>66,629</u>	<u>83,046</u>	<u>16,417</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures	<u>(46,616)</u>	<u>4,346</u>	<u>50,962</u>
Fund Balances at Beginning of Year	<u>93,861</u>	<u>93,861</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 47,245</u>	<u>\$ 98,207</u>	<u>\$ 50,962</u>

The accompanying notes are an integral part of the financial statements.

Proprietary Fund Types

Internal Service Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 313,373	\$ 313,605	\$ 232
-	-	-	24,300	23,375	(925)
60,068	60,098	30	60,068	60,098	30
<u>60,068</u>	<u>60,098</u>	<u>30</u>	<u>397,741</u>	<u>397,078</u>	<u>(663)</u>
-	-	-	146,860	141,411	5,449
-	-	-	43,285	41,439	1,846
59,987	59,740	247	69,437	66,880	2,557
-	-	-	235,673	219,889	15,784
-	-	-	15,500	5,658	9,842
-	-	-	150	143	7
<u>59,987</u>	<u>59,740</u>	<u>247</u>	<u>510,905</u>	<u>475,420</u>	<u>35,485</u>
<u>81</u>	<u>358</u>	<u>277</u>	<u>(113,164)</u>	<u>(78,342)</u>	<u>34,822</u>
-	-	-	3,450	3,233	(217)
-	-	-	61,964	78,628	16,664
-	-	-	1,000	970	(30)
-	-	-	215	215	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>66,629</u>	<u>83,046</u>	<u>16,417</u>
81	358	277	(46,535)	4,704	51,239
10	10	-	93,871	93,871	-
<u>\$ 91</u>	<u>\$ 368</u>	<u>\$ 277</u>	<u>\$ 47,336</u>	<u>\$ 98,575</u>	<u>\$ 51,239</u>

**Crestview Local School District
Van Wert County
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002**

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise</u>	Internal <u>Service</u>	(Memorandum <u>Only</u>)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 336,980	\$ 60,098	\$ 397,078
Cash Payments to Suppliers for Goods and Services	(228,940)	(59,740)	(288,680)
Cash Payments to Employees for Services	(141,411)	-	(141,411)
Cash Payments for Employee Benefits	(41,439)	-	(41,439)
Net Cash Provided by (Used for) Operating Activities	<u>(74,810)</u>	<u>358</u>	<u>(74,452)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	78,628	-	78,628
Miscellaneous	970	-	970
Interest	3,233	-	3,233
Net Cash Provided by Noncapital Financing Activities	<u>82,831</u>	<u>-</u>	<u>82,831</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(3,490)	-	(3,490)
Net Cash Used for Capital and Related Financing Activities	<u>(3,490)</u>	<u>-</u>	<u>(3,490)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,531	358	4,889
Cash and Cash Equivalents at Beginning of Year	93,861	10	93,871
Cash and Cash Equivalents at End of Year	<u>\$ 98,392</u>	<u>\$ 368</u>	<u>\$ 98,760</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (113,078)	\$ 358	\$ (112,720)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	17,886	-	17,886
Donated Commodities Used During Year	23,786	-	23,786
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(1,484)	-	(1,484)
(Increase)/Decrease in Commodities Inventory	(352)	-	(352)
Increase/(Decrease) in Accounts Payable	(40)	-	(40)
Increase/(Decrease) in Intergovernmental Payable	580	-	580
Increase/(Decrease) in Deferred Revenue	(1,394)	-	(1,394)
Increase/(Decrease) in Compensated Absences Payable	(454)	-	(454)
Increase/(Decrease) in Accrued Wages	(260)	-	(260)
Total Adjustments	<u>38,268</u>	<u>-</u>	<u>38,268</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (74,810)</u>	<u>\$ 358</u>	<u>\$ (74,452)</u>

The accompanying notes are an integral part of the financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Crestview Local School District, Van Wert County, is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District is located in a prosperous community within Van Wert County, consisting of residences and significant office and retail commercial development. The School District is the 483rd largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 46 non-certificated employees and 74 certificated full-time teaching personnel who provide services to 1,068 students and other community members.

The reporting entity is comprised of the primary government and other organizations that are included to insure 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 Crestview Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; 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 the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with three organizations which are defined as jointly governed organizations, and an insurance purchasing pool. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Crestview Local 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 body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. 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 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 available expendable 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.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Proprietary Fund Types

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

Enterprise Funds - Enterprise funds are used to account for School District activities 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.

Internal Service Fund - Internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

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. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are 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.

General Long-Term Obligations 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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 expendable trust funds 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 proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the 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. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., 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. The full accrual basis of accounting is followed for the proprietary fund types.

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

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

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue.

Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. Budgetary Process

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. The primary level of budgetary control is at the object level for the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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 Standard County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which 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 fiscal year 2002.

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 object level for the General Fund and at the fund level for all other funds which are the legal levels of budgetary control. Prior to the passage of the 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 any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal 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 proprietary funds.

Lapsing of Appropriations

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

D. Estimates

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

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 proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2002, investments were limited to certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$115,989.

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 an original maturity of one year or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary 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 consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Restricted Assets

Restricted assets in the general fund represent cash set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. The total restricted cash as of June 30, 2002 was \$92,356. A fund balance reserve has also been established.

I. 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 the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the 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 five hundred dollars. The School District does not have 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. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Education Management Information Systems
Public School Preschool
Title I
Title VI
Title VI-B
Professional Development Block Grant
Title VI-R
Drug Free
Extended Learning
Safe School

Capital Projects Funds

School Net
Technology Equity
Interactive Video Distance Learning

Reimbursable Grants

General Fund

Eisenhower

Proprietary Funds

National School Lunch Program
Government Donated Commodities

K. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. As of June 30, 2002 the balance of interfund assets/liabilities was zero.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District 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 payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

N. Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues and 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.

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

P. 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 expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, taxes, prepaid items, and debt service, and include budget stabilization reserve.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (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 - RESTATEMENT OF FUND BALANCES

The fund balances of the Bond Retirement Fund and the SchoolNet Fund have been restated due to a mis-coding of accounts payable in the prior year. The Bond Retirement Fund is restated to \$138,000 from \$130,056, the SchoolNet Fund to \$272,739 from \$280,683.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures/expenses 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 and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

An analysis of the difference in fund balance at June 30, 2002, as determined under the GAAP basis and budget basis follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP basis - fund balance	\$ 1,477,815	\$111,487	\$151,299	\$301,808	\$21,807
Adjustment for GAAP basis:					
Accrued revenues/prepaid expenses	(1,650,055)	(1,263)	(275,883)	(108,669)	-
Accrued expenditures/deferred revenue	2,048,885	13,602	247,041	97,177	-
Encumbrances outstanding (budget basis)	<u>(31,867)</u>	<u>(24,110)</u>	<u>-</u>	<u>-</u>	<u>(4,900)</u>
Budget basis - fund balance	<u>\$ 1,844,778</u>	<u>\$ 99,716</u>	<u>\$122,457</u>	<u>\$290,316</u>	<u>\$16,907</u>

	<u>Enterprise</u>	<u>Internal Service</u>
Proprietary and Similar Fiduciary Funds		
GAAP basis	\$183,579	\$ 368
Revenue accrual	(116,035)	-
Expense accrual	41,199	-
Inventory held for resale	(10,351)	-
Encumbrances	<u>(185)</u>	<u>-</u>
Budget basis	<u>\$ 98,207</u>	<u>\$ 368</u>

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS

The treasurer is responsible for selecting depositories and investing funds.

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

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

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

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

Interim monies may be invested in the following securities.

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of 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.

Protection of 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 monies deposited with the institution.

Cash on Hand - At fiscal year end, the School District had \$1,600 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$2,545,130 and the bank balance was \$2,699,715. Of the bank balance, \$300,000 was covered by federal depository insurance and \$2,399,715 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>
GASB Statement 9	\$2,546,730
Cash on Hand	<u>(1,600)</u>
GASB Statement 3	<u>\$2,545,130</u>

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 6 - 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 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 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 25 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 alternate payment dates to be established.

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 Van Wert County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002. 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 fiscal 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, 2002, was \$171,142 in the General Fund, \$28,842 in the Debt Service Fund, and \$11,492 in the Capital Projects Fund.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 6 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2002 taxes were collected are:

	2001 Second-Half Collections		2002 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$58,731,070	88.71%	\$59,851,570	90.21%
Public Utility	5,381,390	8.13	4,367,640	6.58
Tangible Personal Property	<u>2,094,830</u>	<u>3.16</u>	<u>2,127,820</u>	<u>3.21</u>
 Total Assessed Value	 <u>\$66,207,290</u>	 <u>100.00%</u>	 <u>\$66,347,030</u>	 <u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 \$47.70		 \$47.70	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Enterprise	<u>\$ 45</u>

NOTE 8 - FIXED ASSETS

A summary of the Proprietary Fund property, plant, and equipment at June 30, 2002, is as follows:

	<u>Balance June 30, 2002</u>
Furniture and Equipment	\$294,388
Less: Accumulated Depreciation to June 30, 2001	<u>180,045</u>
Net Fixed Assets - Proprietary Funds	<u>\$114,343</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 8 - FIXED ASSETS (Continued)

A summary of the general fixed assets follows:

	Balance at <u>6/30/01</u>	Additions	Deletions	Balance at <u>6/30/02</u>
Land and Improvements	\$ 837,047	\$ 18,913	\$ -	\$ 855,960
Building	12,665,104	18,625	-	12,683,729
Furniture and Equipment	2,127,019	70,118	-	2,197,137
Vehicles	<u>729,717</u>	<u>-</u>	<u>-</u>	<u>729,717</u>
Total	<u>\$16,358,887</u>	<u>\$107,656</u>	<u>\$ -</u>	<u>\$16,466,543</u>

NOTE 9 - RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2002, the School District contracted with the various insurance companies for property and general liability insurance and boiler and machinery insurance. Professional liability is protected with \$2,000,000 each occurrence, \$5,000,000 in annual aggregate limit.

Vehicles are covered by Nationwide Insurance Company. Automobile liability has a \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years.

Bond Insurance

Public officials bond insurance is provided by the Nationwide Insurance Company.

Health Insurance

The School District is a member of the Van Wert Area School Insurance Group (VWASIG) a cooperative group of Van Wert County Schools established to provide a self-insurance fund to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Calends Group, Inc. of Fort Wayne, Indiana, with Van Wert City Schools acting as the fiscal agent.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 9 - RISK MANAGEMENT (Continued)

Workers' Compensation

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Crestview Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employees are established and may be amended, up to 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, 2002, 2001, and 2000 were \$33,131, \$30,679, and \$35,772, respectively; 45.86 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$17,936 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The Crestview Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salary. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$303,445, \$285,761 and \$167,908, respectively; 87.43 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$38,130 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

C. Social Security System

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

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 2001, eligible benefit recipients totaled 102,132. For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

For SERS, coverage is made available to service retirees with ten or more fiscal 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 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. The number of participants currently receiving health care benefits is 50,000. For the fiscal year ended June 30, 2001, net health care costs paid by SERS were \$161,439,934.

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for all personnel. Upon retirement, payment is made for 25% of accrued, but unused sick leave credit to a maximum of 55 days for all employees.

NOTE 13 - LONG-TERM DEBT

A. Long-Term Obligations

Long-term obligations of the School District at June 30, 2002, consisted of the following:

	Restated Principal Outstanding <u>6/30/01</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/02</u>
General Obligation Bonds				
School Building Construction				
Current Interest Bonds				
2.75% - 5.30%	\$1,275,000	\$ -	\$230,000	\$1,045,000
Capital Appreciation Bonds				
5.70% - 5.85%	597,357	83,835	-	681,192
Intergovernmental Payable	27,078	5,595	-	32,673
Compensated Absences	<u>262,569</u>	<u>-</u>	<u>9,413</u>	<u>253,156</u>
Total General Long-Term Obligations	<u>\$2,162,004</u>	<u>\$ 89,430</u>	<u>\$239,413</u>	<u>\$2,012,021</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 13 - LONG-TERM DEBT (Continued)

A. Long-Term Obligations (Continued)

General obligation bonds and notes payable will be paid from the debt service fund. Compensated absences and intergovernmental payable will be paid from the fund which the person is paid.

The District issued bonds to refund \$2,600,000 School Improvement Bonds dated December 1, 1988 which was outstanding in the principal amount of \$2,360,000 issued pursuant to a vote of the electors of the District at an election held on November 4, 1986 and \$655,000 School Improvement Bonds dated October 1, 1991 which was outstanding in the principal amount of \$640,000 issued pursuant to a vote of the electors of the District at an election held on May 8, 1990. The Board issue included current interest bonds and capital appreciation bonds in the amount of \$2,790,000 and \$209,832, respectively.

In prior years current interest bonds and capital appreciation bonds were combined in footnote disclosures and the balance sheet. The accretation for capital appreciation bonds was recalculated and the beginning balance was restated by \$387,525.

The capital appreciation bonds will mature in fiscal years 2007 through 2014. The maturity amounts of the bonds are \$295,000 for fiscal year 2007, \$290,000 for fiscal year 2008, \$295,000 for fiscal years 2009, 2010 and 2011, and \$50,000 for fiscal years 2012, 2013 and 2014. Capital appreciation bonds are not subject to redemption prior to maturity. For fiscal year 2002, \$83,835 was accreted for a total bond value of \$681,192.

B. Future Debt Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2002 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Total</u>
2003	\$ 287,643
2004	290,324
2005	286,995
2006	292,553
2007	295,000
Thereafter	<u>1,325,000</u>
Total future payments	2,777,515
Total Bond accreted	471,360
Less: Amount representing interest	<u>(1,522,683)</u>
Total	<u><u>\$1,726,192</u></u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 14 - STATUTORY RESERVES

The District is required by state statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for the budget stabilization. For fiscal year 2002, only the unspent portion of certain workers' compensation refunds is required to be set aside at fiscal year end.

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance 7/1/2001	\$ -	\$ -	\$92,356	\$ 92,356
Required Set-Aside	131,548	131,548	-	263,096
Offset Credits	-	-	-	-
Qualifying Expenditures	<u>(147,268)</u>	<u>(213,734)</u>	<u>-</u>	<u>(361,002)</u>
Total	<u>\$(15,720)</u>	<u>\$(82,186)</u>	<u>\$92,356</u>	<u>\$(5,550)</u>
Cash balance carried forward to following year 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$92,356</u>	<u>\$ 92,356</u>

The School District had qualifying disbursements during the year that reduced the set-aside amounts below zero, For capital acquisitions, the extra amount may not be used to reduce the set-aside requirements of future years. However, Revised Code 3315.17 allows for the extra amount to carryover into future years for textbooks.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and the latchkey fund. The table below summarizes the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Latchkey Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$285,120	\$28,357	\$24,987	\$338,464
Operating Expenses				
before Depreciation	374,729	27,729	31,198	433,656
Depreciation	17,886	-	-	17,886
Operating Income (Loss)	(107,495)	628	(6,211)	(113,078)
Donated Commodities	23,786	-	-	23,786
Operating Grants	71,121	-	-	71,121
Interest	3,233	-	-	3,233
Other	-	-	970	970
Net Income (Loss)	(9,355)	628	(5,241)	(13,968)
Net Working Capital	62,712	628	14,810	78,150
Total Assets	207,643	628	16,507	224,778
Total Equity	168,141	628	14,810	183,579
Encumbrances	185	-	-	185

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized.

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained by contacting Linda Elliot, Treasurer of the Van Wert Educational Service Center, 216 East Central Street, Van Wert, Ohio 45891. The Van Wert Educational Service Center serves as the fiscal agent of the NOACSC.

Vantage Career Center - The Vantage Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vantage Career Center, Treasurer, at 818 North Franklin Street, Van Wert, Ohio 45891.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 17 - GROUP PURCHASING POOL

Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Plan - The District participates in a group rating plan (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Northwest Ohio Area Computer Service Cooperative as a group insurance purchasing pool. The GRP's business and affairs are conducted by a twenty-five member Board of Directors consisting two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating Districts pay an enrollment fee to cover the costs of administering the program.

NOTE 18 - 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 June 30, 2002.

B. State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- * A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- * Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school district's that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2002

NOTE 18 - CONTINGENCIES (Continued)

B. State School Funding Decision (Continued)

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

C. Litigation

The School District is of the opinion that any current or future claims will either result in a favorable outcome or be covered by current insurance policies, so as not to materially affect the overall financial position of the School District.

D. Building Assistance Program

Crestview Local School District in 1990 applied and received approval for the purchase of classroom facilities from the State of Ohio per the provisions of Chapter 3318, Revised Code. The amount of indebtedness assumed by the acquiring school district shall be equal to one-half mill multiplied by the total value of all property as listed and assessed for taxation in the district, per Section 3318.18, Revised Code. Section 3318.06, Revised Code, stated that the proceeds of one-half mill levy or the difference between four mills and the tax rate for debt (whichever is greater) is to be paid to the State Board of Education. The District passed a levy and tax collections were paid directly to the State for this debt through the County until 1998.

Effective January 1, 1998, the District has entered into a supplemental agreement with the Ohio School Facilities Commission, (OSFC) pursuant to changes to section 3318.082 of the Ohio Revised Code. According to this agreement, the proceeds from the half-mill levy can be retained by the District and used for maintenance of the classroom facilities constructed or renovated through the building assistance program provided the District's adjusted valuation per pupil is less than the statewide medium adjusted valuation per pupil. If the District's adjusted valuation per pupil is greater than the statewide medium adjusted per pupil, one-half of the levy proceeds will be used to pay the cost of the classroom facilities and one-half shall be used for maintenance.

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LaVallee & Company

Certified Public Accountants
The CPA. Never under estimate The Value.SM

969 W. North Street
Lima, Ohio 45805
(419)222-1120
FAX(419)222-2968

Alan L. LaVallee, CPA
Neil J. Reichenbach, CPA

October 31, 2002

Crestview Local School District
Van Wert County
531 East Tully Street
Convoy, Ohio 45832

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

We have audited the general purpose financial statements of the Crestview Local School District, Van Wert County, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Crestview Local School District's financial statements are free of material misstatement, we performed test 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 Crestview 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Crestview Local School District in a separate letter dated October 31, 2002.

This report is intended for the information of the audit committee and management and is not intended to be and should not be used by anyone other than these specified parties.

LaVallee & Company, CPAs



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

CRESTVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 9, 2003**