



**Auditor of State
Betty Montgomery**

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Crestview Local School District
Columbiana County
44100 Crestview Road, Suite A
Columbiana, Ohio 44408

We have audited the accompanying general-purpose financial statements of the Crestview Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2003, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Crestview Local School District, Columbiana County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 12, 2004

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**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2003**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$502,663	\$205,391	\$348,960	\$315,523
Cash with Fiscal Agents				
Investments				
Receivables:				
Taxes	1,811,431	36,637	274,705	160,646
Accounts	1,681			
Intergovernmental		50,886		
Accrued Interest	3,690			
Interfund Receivable	54,073			
Income Tax	351,506			
Materials and Supplies Inventory	26,693			
Prepaid Items	33,814			
Advances to Other Funds	33,581			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of Long-Term Obligations				
Amount to be Provided From General Government Resources				
Total Assets and Other Debits	<u>\$2,819,132</u>	<u>\$292,914</u>	<u>\$623,665</u>	<u>\$476,169</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$2,185	\$430		\$13,455
Contracts Payable				137,409
Accrued Wages and Benefits	840,268	63,530		
Compensated Absences Payable	9,641			
Interfund Payable		3,923		
Intergovernmental Payable	103,185	3,330		
Deferred Revenue	1,771,159	68,209	\$267,818	156,619
Due to Students				
Claims Payable				
Capital Leases Payable				
Advances from Other Funds				
Energy Conservation Loan Payable				
Asbestos Abatement Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>2,726,438</u>	<u>139,422</u>	<u>267,818</u>	<u>307,483</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	78,424	23,753		811,801
Reserved for Inventory	26,693			
Reserved for Prepaid Items	33,814			
Reserved for Debt Service Principal			348,960	
Reserved for Advances	33,581			
Reserved for Property Taxes	40,272	900	6,887	4,027
Unreserved:				
Unreserved, Undesignated	(120,089)	128,839		(647,142)
Total Fund Equity and Other Credits	<u>92,695</u>	<u>153,492</u>	<u>355,847</u>	<u>168,686</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,819,133</u>	<u>\$292,914</u>	<u>\$623,665</u>	<u>\$476,169</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,467		\$51,832			\$1,423,337
	793,840				793,840
		117,705			117,705
					2,283,419
					1,681
					50,886
		68			3,758
					54,073
9,870					351,506
					36,563
					33,814
					33,581
338,882			\$20,570,243		20,909,125
(93,726)					(93,726)
				\$355,847	355,847
				3,937,685	3,937,685
<u>\$256,493</u>	<u>\$793,840</u>	<u>\$169,605</u>	<u>\$20,570,243</u>	<u>\$4,293,532</u>	<u>\$30,295,593</u>
		\$1,305			\$17,375
\$30,830					137,409
10,009				\$565,977	934,628
47,600		2,550			585,627
14,950				46,147	54,073
					167,612
					2,263,805
		26,576			26,576
	\$63,034				63,034
				956,000	956,000
33,581					33,581
				61,593	61,593
				3,815	3,815
				2,660,000	2,660,000
<u>136,970</u>	<u>63,034</u>	<u>30,431</u>		<u>4,293,532</u>	<u>7,965,128</u>
			\$20,570,243		20,570,243
278,495					278,495
(158,972)	730,806				571,834
					913,978
					26,693
					33,814
					348,960
					33,581
					52,086
		139,174			(499,218)
<u>119,523</u>	<u>730,806</u>	<u>139,174</u>	<u>20,570,243</u>		<u>22,330,466</u>
<u>\$256,493</u>	<u>\$793,840</u>	<u>\$169,605</u>	<u>\$20,570,243</u>	<u>\$4,293,532</u>	<u>\$30,295,594</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Intergovernmental	\$4,721,573	\$548,108
Interest	50,322	
Tuition and Fees	365,944	
Rent	810	
Extracurricular Activities		151,693
Gifts and Donations	1,594	11,786
Income Tax	803,734	
Property & Other Local Taxes	1,608,316	33,326
Miscellaneous	2,822	2,319
Total Revenues	<u>7,555,115</u>	<u>747,232</u>
Expenditures:		
Instruction:		
Regular	3,992,635	100,320
Special	376,295	354,475
Vocational	143,775	
Other	35,299	
Support services:		
Pupils	553,422	87,524
Instructional Staff	380,430	33,400
Board of Education	40,675	
Administration	702,913	11,132
Fiscal	212,577	748
Operation and Maintenance of Plant	896,081	50,736
Pupil Transportation	494,774	
Central	20,568	
Non-Instructional Services	21,289	
Extracurricular Activities	154,655	90,540
Capital Outlay	28,302	
Debt Service		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	<u>8,053,690</u>	<u>728,875</u>
Excess of Revenues Over (Under) Expenditures	<u>(498,575)</u>	<u>18,357</u>
Other Financing Sources and Uses		
Operating Transfers In		
Proceeds from Sale of Long-Term Notes		
Proceeds from Sale of Fixed Assets	500	
Refund of Prior Year Expenditures	14,206	
Inception of Capital Lease		
Operating Transfer Out	(69,139)	
Total Other Financing Sources (Uses)	<u>(54,433)</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(553,008)	18,357
Fund Balance at Beginning of Year	645,703	135,135
Fund Balance at End of Year	<u><u>\$92,695</u></u>	<u><u>\$153,492</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$38,766	\$21,510		\$5,329,957
56		\$3,700	54,078
			365,944
			810
		545	152,238
		14,347	27,727
			803,734
310,454	83,174		2,035,270
			5,141
<u>349,276</u>	<u>104,684</u>	<u>18,592</u>	<u>8,774,899</u>
	331,808	4,694	4,429,457
			730,770
			143,775
		15,478	50,777
		2,330	643,276
			413,830
			40,675
			714,045
6,951	1,808		222,084
			946,817
			494,774
		566	21,134
			21,289
	1,246,327		1,491,522
			28,302
199,612	156		199,768
<u>156,900</u>	<u>2,294</u>		<u>159,194</u>
<u>363,463</u>	<u>1,582,393</u>	<u>23,068</u>	<u>10,751,489</u>
<u>(14,187)</u>	<u>(1,477,709)</u>	<u>(4,476)</u>	<u>(1,976,590)</u>
	69,139		69,139
	99,509		99,509
			500
			14,206
	956,000		956,000
			(69,139)
	<u>1,124,648</u>		<u>1,070,215</u>
(14,187)	(353,061)	(4,476)	(906,375)
370,034	521,747	141,150	1,813,769
<u>\$355,847</u>	<u>\$168,686</u>	<u>\$136,674</u>	<u>\$907,394</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	Governmental Fund Types		
	General		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$4,718,447	\$4,721,603	\$3,156
Interest	65,993	67,305	1,312
Tuition and Fees	362,743	366,100	3,357
Rent	805	810	5
Extracurricular Activities			
Gifts and Donations	1,594	1,594	
Income Tax	804,937	804,937	
Property & Other Local Taxes	1,680,652	1,680,652	
Miscellaneous	1,864	2,445	581
Total Revenues	7,637,035	7,645,446	8,411
Expenditures:			
Current:			
Instruction:			
Regular	4,946,547	3,926,197	1,020,350
Special	124,517	376,039	(251,522)
Vocational	40,180	142,835	(102,655)
Other	17,000	35,299	(18,299)
Support services:			
Pupils	357,838	557,359	(199,521)
Instructional Staff	163,418	411,280	(247,862)
Board of Education	38,203	41,126	(2,923)
Administration	715,294	730,543	(15,249)
Fiscal	224,786	217,359	7,427
Non-Instructional Services	21,289	21,289	
Operation and Maintenance of Plant	931,676	917,855	13,821
Pupil Transportation	576,492	560,533	15,959
Central	25,000	20,526	4,474
Extracurricular activities	100,679	155,317	(54,638)
Capital Outlay	23,530	31,140	(7,610)
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	8,306,449	8,144,697	161,753
Excess of Revenues Over (Under) Expenditures	(669,414)	(499,251)	170,164
Other Financing Sources and Uses			
Operating Transfers In			
Proceeds from Sale of Long-Term Notes			
Proceeds from Sale of Fixed Assets	500	500	
Refund of Prior Year Expenditures	13,178	13,178	
Advances In	6,377	6,377	
Operating Transfers Out	(69,139)	(69,139)	
Advances Out	(33,000)	(35,073)	(2,073)
Total Other Financing Sources (Uses)	(82,084)	(84,157)	(2,073)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(751,498)	(583,408)	168,091
Fund Balances at Beginning of Year	874,078	874,078	
Prior Year Encumbrances Appropriated	130,462	130,462	
Fund Balance at end of Year	\$253,042	\$421,133	\$168,091

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$428,479	\$428,479		\$38,767 56	\$38,766 56	
151,664	151,693	\$29			
11,786	11,786				
34,951	34,951		334,025	334,025	
2,319	2,319				
<u>629,199</u>	<u>629,228</u>	<u>29</u>	<u>372,848</u>	<u>372,847</u>	
91,898	91,898				
278,720	278,719				
91,337	88,228	3,109			
34,594	34,147	447			
10,080	10,080		8,700	6,951	\$1,749
800	748	52			
61,672	58,962	2,710			
118,503	112,216	6,287			
			200,000	199,612	388
			156,900	156,900	
<u>687,604</u>	<u>674,998</u>	<u>12,605</u>	<u>365,600</u>	<u>363,463</u>	<u>2,137</u>
<u>(58,405)</u>	<u>(45,770)</u>	<u>12,634</u>	<u>7,248</u>	<u>9,384</u>	<u>2,137</u>
3,000	3,923	923			
(5,191)	(5,191)				
<u>(2,191)</u>	<u>(1,268)</u>	<u>923</u>			
(60,596)	(47,038)	13,557	7,248	9,384	2,137
188,869	188,869		339,576	339,576	
39,377	39,377				
<u>\$167,650</u>	<u>\$181,208</u>	<u>\$13,557</u>	<u>\$346,824</u>	<u>\$348,960</u>	<u>\$2,137</u>

(Continued)

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	Governmental Fund Types		
	Capital Projects		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$21,510	\$21,510	
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Income Tax			
Property & Other Local Taxes	79,147	79,147	
Miscellaneous			
Total Revenues	100,657	100,657	
Expenditures:			
Current:			
Instruction:			
Regular	355,444	349,557	\$5,887
Special			
Vocational			
Other			
Support services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal	2,000	1,808	192
Non-Instructional Services			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Extracurricular activities	950,000	946,970	3,030
Capital Outlay			
Debt Service			
Debt Service - Principal	156	156	
Debt Service - Interest	2,294	2,294	
Total Expenditures	1,309,894	1,300,785	9,109
Excess of Revenues Over (Under) Expenditures	(1,209,237)	(1,200,128)	9,109
Other Financing Sources and Uses			
Operating Transfers In	69,139	69,139	
Proceeds from Sale of Long-Term Notes	99,509	99,509	
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Advances In			
Operating Transfers Out			
Advances Out			
Total Other Financing Sources (Uses)	168,648	168,648	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,040,589)	(1,031,480)	9,109
Fund Balances at Beginning of Year	220,306	220,306	
Prior Year Encumbrances Appropriated	301,441	301,441	
Fund Balance at end of Year	(\$518,842)	(\$509,733)	\$9,109

The notes to the general-purpose financial statements are an integral part of this statement.

Fiduciary Fund Types			Totals (Memorandum Only)		
Expendable Trust					
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
			\$5,207,203	\$5,210,358	\$3,156
\$3,624	\$3,794	\$170	69,673	71,155	1,482
			362,743	366,100	3,357
			805	810	5
545	545		152,209	152,238	29
14,347	14,347		27,727	27,727	
			804,937	804,937	
			2,128,775	2,128,775	
			4,183	4,764	581
18,516	18,686	170	8,758,255	8,766,864	8,610
5,000	4,694	306	5,398,889	4,372,346	1,026,543
			403,237	654,758	(251,522)
			40,180	142,835	(102,655)
15,478	15,478		32,478	50,777	(18,299)
3,000	2,330	670	452,175	647,917	(195,742)
450		450	198,462	445,427	(246,965)
			38,203	41,126	(2,923)
			725,374	740,623	(15,249)
			236,286	226,866	9,420
			21,289	21,289	
			993,348	976,817	16,531
			576,492	560,533	15,959
850	567	283	25,850	21,093	4,757
			1,169,182	1,214,503	(45,321)
			23,530	31,140	(7,610)
			200,156	199,768	388
			159,194	159,194	
24,778	23,069	1,709	10,694,325	10,507,011	187,313
(6,262)	(4,383)	1,879	(1,936,070)	(1,740,147)	195,923
			69,139	69,139	
			99,509	99,509	
			500	500	
			13,178	13,178	
			9,377	10,300	923
			(69,139)	(69,139)	
			(38,191)	(40,264)	(2,073)
			84,373	83,223	(1,150)
(6,262)	(4,383)	1,879	(1,851,697)	(1,656,924)	194,773
140,260	140,260		1,763,089	1,763,089	
728	728		472,008	472,008	
\$134,726	\$136,605	\$1,879	\$383,400	\$578,173	\$194,773

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues:			
Sales	\$201,532		\$201,532
Charges for Services		\$951,655	951,655
Other	653		653
Refund of Prior Year Expense	337	3,669	4,006
Total Operating Revenues	<u>202,522</u>	<u>955,324</u>	<u>1,157,846</u>
Operating Expenses			
Salaries	143,941		143,941
Fringe Benefits	70,817	69,139	139,956
Purchased Services	8,720	68,464	77,184
Materials and Supplies	139,724		139,724
Depreciation	19,575		19,575
Other	98	649,195	649,293
Total Operating Expenses	<u>382,875</u>	<u>786,798</u>	<u>1,169,673</u>
Operating Income (Loss)	<u>(180,353)</u>	<u>168,526</u>	<u>(11,827)</u>
Non-Operating Revenues and Expenses			
Federal Donated Commodities	21,766		21,766
Interest		4,401	4,401
Federal and State Subsidies	118,431		118,431
Other	329		329
Total Non-Operating Revenues and Expenses	<u>140,526</u>	<u>4,401</u>	<u>144,927</u>
Net Income (Loss)	<u>(39,827)</u>	<u>172,927</u>	<u>133,100</u>
Retained Earnings at Beginning of Year	<u>(119,145)</u>	<u>557,879</u>	<u>438,734</u>
Retained Earnings at End of Year	<u>(158,972)</u>	<u>730,806</u>	<u>571,834</u>
Contributed Capital at Beginning of Year	<u>257,206</u>		<u>257,206</u>
Capital Contributions During the Year	<u>21,289</u>		<u>829,040</u>
Contributed Capital at End of Year	<u>278,495</u>		<u>278,495</u>
Total Fund Equity at End of Year	<u>\$119,523</u>	<u>\$730,806</u>	<u>\$850,329</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$201,821		\$201,821
Cash Received from Charges for Services		\$951,655	951,655
Other Cash Receipts	989	3,669	4,658
Cash Payments to Suppliers for Goods and Service	(122,935)		(122,935)
Cash Payments for Contract Services	(8,720)	(71,367)	(80,087)
Cash Payments for Employee Services	(146,503)		(146,503)
Cash Payments for Employee Benefits	(70,584)	(69,139)	(139,723)
Other Cash Payments	(98)	(649,195)	(649,293)
Net Cash Provided (Used) by Operating Activities	<u>(146,030)</u>	<u>165,623</u>	<u>19,593</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	118,431		118,431
Advances In	28,600		28,600
Other	150		150
Net Cash Provided (Used) by Noncapital Financing Activities	<u>147,181</u>		<u>147,181</u>
Cash Flows from Investing Activities:			
Interest Received		4,401	4,401
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(1,988)		(1,988)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,988)</u>		<u>(1,988)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(837)	170,024	169,187
Cash and Cash Equivalents at Beginning of Year	2,304	623,816	626,120
Cash and Cash Equivalents at End of Year	<u>\$1,467</u>	<u>\$793,840</u>	<u>\$795,307</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(\$180,353)	\$168,526	(\$11,827)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:			
Depreciation	19,575		19,575
Donated Commodities Used During the Year	21,766		21,766
Adjustments for Noncash Transactions	(19,481)		(19,481)
Contributed Capital	21,468		21,468
(Increase) Decrease in Assets:			
Accounts Receivable	289		289
Material and Supplies Inventory	(289)		(289)
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	(2,890)		(2,890)
Intergovernmental Payable	4,731		4,731
Deferred Revenue	(6,676)		(6,676)
Accrued Wages and Benefits	(4,170)		(4,170)
Claims Payable		(2,903)	(2,903)
Total Adjustments	<u>34,323</u>	<u>(2,903)</u>	<u>31,420</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$146,030)</u>	<u>\$165,623</u>	<u>\$19,593</u>

The notes to the general-purpose financial statements are an integral part of this statement.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Crestview Local School District (the "District") is organized under Section 3311.03 of the Ohio Revised Code as a local district. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is the 465th largest in terms of total enrollment among the 682 public and community school districts in the State of Ohio. The District is staffed by 40 non-certified employees and 91 certified full-time teaching personnel who provide services to 1,126 students and other community members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. The Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Financial Reporting Entity*", effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for related activities for the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System

Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, is jointly governed by 24 districts within Mahoning and Columbiana counties. ACCESS is governed by an assembly consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the assembly. Members of ACCESS are assessed annual user fees and periodic capital improvement fees based on their average daily membership. The members do have an ongoing financial interest in ACCESS; however, they do not have an equity interest. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Youngstown, Ohio 44512.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. The Reporting Entity (Continued)

JOINTLY GOVERNED ORGANIZATIONS (Continued)

Columbiana County Career Center

The Columbiana County Career Center is a jointly governed organization, which provides for the vocational and special education needs for the students of 8 participating school districts. The Board of Education members are appointed by the local boards of education from among 1 of its elected members. The Career Center Board of Education exercises total control over its operations, including budgeting, appropriating, contracting, and the designation of management. All revenues are generated from tax levies, State funding, and fees. Financial information is available from the Columbiana County Career Center, Treasurer's Office, 9364 State Route 45, Lisbon, Ohio 44432.

PUBLIC ENTITY RISK POOLS

Columbiana County School Employees Insurance Consortium (Consortium)

Columbiana County Employees Insurance Consortium is a shared risk pool. The consortium provides services to the six member schools including, health, dental, prescription drug and life insurance. The Board of Directors is comprised of the Superintendent from each District. All claims are processed through a third-party administrator, and the fiscal agent and budgeting authority is United Local School District. Financial information can be obtained by writing to the United Local School District, 8143 State Route 9, Hanoverton, Ohio 44423.

Ohio Association School Business Officials Workers' Compensation Group Rating Program

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program. Refer to Note 14 for further information on this group rating plan.

B. Fund Accounting

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

1. Governmental Funds

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

General Fund

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

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 expenditures for specified purposes.

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Fund is 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 and Trust Funds).

2. Proprietary Funds

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

Enterprise Funds

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

2. Proprietary Funds (Continued)

Internal Service Funds

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

3. Fiduciary Funds

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

Expendable Trust Funds

The Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets when both the principal and interest may be spent.

Agency Funds

Agency Funds are custodial in nature and do not involve results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity.

4. 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 District, other than those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District, except those accounted for in the Proprietary Funds.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

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

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

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2003, and which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as advances on future tax settlements are recognized as revenue, but not received by the District prior to June 30, 2003, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from income taxes is recognized in the fiscal year in which the underlying exchange accrued and the resources are available.

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

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

On the accrual basis, revenue from non-exchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property or income taxes.

D. 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 within each function. 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.

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 Columbiana 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 2003.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, 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.

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.

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 reappropriated.

E. Cash and Investments

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

During fiscal year 2003, investments were limited to certificates of deposit and a repurchase agreement. Investments in nonparticipating investment contracts, such as certificates of deposits and repurchase agreements are reported at cost.

Under existing Ohio statutes all investments earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During fiscal year 2003, interest revenue credited to the general fund amounted to \$50,322, which includes \$15,097 assigned from other District funds.

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

F. Inventory

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

Inventories or proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Prepaids

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of \$100 and a useful life of less than five years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life is not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Proprietary Funds

Equipment reflected in these funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

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

I. Intergovernmental Revenues

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- DPIA
- School Net Professional Development
- Ohio Reads
- Summer School
- Best Practice Award Grant
- Student Assistance Program
- School Conflict Management
- Safe School Help Line
- Eisenhower Grant
- Title I

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

- Title VI
- Drug-Free Grant
- Title VI-R
- Title II-A
- Technology Infusion
- Title II-D
- ATIP

Capital Project Funds

- SchoolNet
- Technology Equity
- IVDL

Debt Service Funds

- Bond Retirement

Reimbursable Grants

General Fund

- Driver Education Reimbursement

Special Revenue Funds

- Telecommunications (E-rate)

Enterprise Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 52% of the District's operating revenues during the 2003 fiscal year.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and all employees with at least 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental Fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligation Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

K. 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, compensated absences and contractually required pension contributions 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. Payments made more than 60 days after year-end are generally considered not to have been made with current available 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.

L. Interfund Transactions

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operation transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year. The District had short-term interfund loans receivable and payable at June 30, 2003.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions (Continued)

4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund, which provides a service records revenue, and the fund, which receives that service, records and expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term advances receivable and payable at June 30, 2003.

An analysis of the District's interfund transactions for fiscal year 2003 is presented in Note 5.

M. Fund Equity

Contributed capital is recorded in proprietary funds, which received capital grants or contributions from other funds. Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials, and supplies inventory, prepayments, debt service, advances and tax revenue unavailable for appropriation. The reserve for property taxes represents taxes recognized as revenue unavailable for appropriation under State statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

N. Contributed Capital

Contributed capital is recorded in proprietary funds, which received capital grants or contributions from other funds, other governments, or private sources that is not subject to repayment. These assets are recorded at fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. See Note 10 for changes in contributed capital during fiscal 2003.

O. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results could differ from those estimates.

P. Memorandum Only - Total Columns

Total columns on the GPFS are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate additional financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

At June 30, 2003, the Local Grants, Title I, Drug Free Schools, Title VI-R, and Adult Education had deficit fund balances of \$1,207, \$23,137, \$415, \$11,454, and \$96, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the 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;

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time.
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Cash on Hand: At fiscal year-end, the District had \$400 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but it not included in the total amount of deposits reported below.

Cash with Fiscal Agent: At year-end. \$793,840 was on deposit with the District's fiscal agent for its self-insurance reserves and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet, as "Equity in Pooled Cash and Cash Equivalents".

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

Deposits: At year-end, the carrying amount of the District's deposits, including non-negotiable certificates of deposit, was \$1,154,619 and the bank balance, including non-negotiable certificates of deposit was \$1,288,613. Of the bank balance:

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: (Continued)

1. \$328,705 was covered by federal depository insurance and;
2. \$959,908 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart or by its trust department but not in the District's name. The District's investment in Star Ohio, which is the State Treasurer's Investment Pool and deferred compensation, is not categorized because it is not evidenced by securities that exist in physical or book entry form. The investment pool pro rates earnings based on invested balances.

Investments	Category 3	Cost Value	Fair Value
Repurchase Agreement	\$1,176,286	\$1,176,286	\$1,176,286
Securities	1,358	1,358	1,358
STAR Ohio		2,218	2,218
Total	\$1,177,644	\$1,179,862	\$1,179,862

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 entitled, Reporting Cash Flows of Proprietary and Non-Expandable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined Balance Sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: (Continued)

	Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$2,217,177	\$117,705
Cash on Hand	(400)	
Certificate of Deposit	117,705	(117,705)
Investments:		
Repurchase Agreement	(1,176,286)	1,176,286
Securities	(1,358)	1,358
STAR Ohio	(2,218)	2,218
GASB Statement No. 3	\$1,154,620	\$1,179,862

5. INTERFUND ASSETS/LIABILITIES

Interfund balances at June 30, 2003 consist of the following individual interfund loans receivable and payable:

	Interfund Receivables	Interfund Payables
General Fund	\$54,073	
Special Revenue		\$3,923
Proprietary		47,600
Agency		2,550
Total All Funds	\$54,073	\$54,073

The following is a reconciliation of the District's long-term advances to and from other funds at June 30, 2003:

	Advances to Other Funds	Advances from Other Funds
General Fund	\$33,581	
Proprietary		\$33,581
Total All Funds	\$33,581	\$33,581

6. SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% permanent school district income tax in the November 1989 election that became effective January 1, 1990. School district income tax revenue received by the general fund during fiscal year 2003 was \$803,734.

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

7. PROPERTY TAXES (Continued)

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

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue, which would otherwise have been collected.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25 % of true value.

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

	2002 Second- Half Collections		2003 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other RE	\$65,903,560	77%	\$67,189,030	78%
Commercial & Industrial RE	6,148,550	7%	6,001,550	7%
Public Utility	6,013,280	7%	5,784,930	7%
Tangible Personal Property	8,057,370	9%	7,251,030	8%
Total Assessed Value	<u>\$86,122,760</u>	<u>100%</u>	<u>\$86,226,540</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$38.62		\$38.62	

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

The Columbiana County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portions of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2003, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2003 totaled \$40,272 in general fund, \$6,887 in the debt service fund, \$4,027 in the capital projects fund, and \$900 in the special revenue fund.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

8. RECEIVABLES

Receivables at June 30, 2003 consisted of taxes, accrued interest, accounts (rent, billings for user charged services, and student fees), intergovernmental (to the extent the grants and entitlements relate to the current fiscal year), short-term interfund loans and long-term interfund loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows. For Intergovernmental Revenues only, the portion of receivables collected in the "available period" is recorded in the financial records.

	Amounts
<u>General Fund</u>	
Taxes	\$1,811,431
Accounts	1,681
Accrued Interest	3,690
Interfund	54,073
Income Taxes	
<u>Special Revenue Fund</u>	
Taxes	36,637
Intergovernmental	50,886
<u>Debt Service Fund</u>	
Taxes	274,705
<u>Capital Projects Fund</u>	
Taxes	160,646

9. FIXED ASSETS

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

	Balance at 6/30/02	Additions	Disposals	Balance at 6/30/03
Land/Improvements	\$272,221			\$272,221
Buildings	15,677,445	\$65,390		15,742,835
Furniture/Equipment	3,243,995	142,611	\$126,079	3,260,527
Vehicles	907,811	50,565	46,763	911,613
Construction in Progress		383,047		383,047
Totals	\$20,101,472	\$641,613	\$172,842	\$20,570,243

A summary of the enterprise funds' fixed assets at June 30, 2003 follows:

	<u>Enterprise Funds</u>
Equipment	\$338,882
Less Accumulated Depreciation	(93,726)
Net Fixed Assets	\$245,156

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

10. CONTRIBUTED CAPITAL

	<u>Food Service</u>
Contributed capital, July 1, 2002	\$257,206
Current contributions from other funds	21,289
Contributed capital, June 30, 2003	\$278,495

11. CAPITALIZED LEASES - LESSEE DISCLOSURE

The District has entered into capitalized lease for the acquisition for the construction of a football stadium and track.

The terms of the agreement provides an option to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement No. 13 of the Financial Accounting Standards Board (FASB), "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Fund Types and Expendable Trust Funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the General Fixed Assets Account Group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2003 fiscal year totaled \$0. This amount is reflected as debt service principal retirement in the Capital Projects Fund.

The following is an analysis of the equipment under capital lease as of June 30, 2003:

General Fixed Assets

Football Stadium and Track, Carrying Value \$956,000

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2003:

<u>Year Ending June 30,</u>	<u>Payments</u>
2004	\$117,012
2005	119,825
2006	118,246
2007	118,245
2008	117,809
2009	117,923
2010	117,679
2011	117,055
2012	117,017
2013	117,720
Total Future Minimum Lease Payments	1,178,531
Less: Amount Representing Interest	222,531
Present Value of Future Minimum Lease Payments	\$956,000

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

12. LONG TERM OBLIGATIONS

The general obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The source of payment is derived from current 5.92 mill bonded debt tax levy.

During the year ended June 30, 2003, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

Purpose	Interest Rates	Issue Date	Maturity Date	Original Amount	Bonds Outstanding 6/30/02	Retired In 2003	Bonds Outstanding 6/30/03
Facilities Improvement	5.74%	4/13/93	12/01/15	\$3,780,000	\$2,830,000	\$170,000	\$2,660,000
School Energy Conservation Note	4.55%	2/22/99	2/22/06	146,996	82,826	21,233	61,593
Asbestos Abatement	None	2/02/90	5/30/04	68,815	8,815	5,000	3,815
Total				\$3,995,811	\$2,921,641	\$196,233	\$2,725,408

School Energy Conservation Note

In prior fiscal years, the District issued unvoted long-term “energy conservation” notes, under authority of H.B. 264. Energy conservation notes outstanding are general obligations of the District, for which the District’s full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these notes are recorded as expenditures in the debt service fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of these notes without voter approval, and the subsequent repayment of the notes from operation revenues.

Asbestos Abatement

In fiscal 1991, the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The outstanding balance of the loan is reported in the general long-term obligations account group. Payments are recorded as expenditures of the debt service fund, from current operating revenue.

Principal and interest requirements to retire general obligation bonds, energy conservation notes, and the asbestos loan outstanding at June 30, 2003 were as follows:

**CRESTVIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

Year(s) Ending June 30	Principal on Bonds and Notes	Interest on Bonds and Notes	Total
2004	\$206,042	\$148,964	\$355,006
2005	213,281	137,276	350,557
2006	216,085	125,152	341,237
2007	200,000	113,430	313,430
2008	200,000	102,030	302,030
2009-2013	1,050,000	332,025	1,382,025
2014-2017	640,000	55,290	695,290
Total	<u>\$2,725,408</u>	<u>\$1,014,167</u>	<u>\$3,739,575</u>

The following is a summary of the District's total debt for the fiscal year ending June 30, 2003.

	Beginning Balance July 1, 2002	Additions	Deletions	Ending Balance June 30, 2003
General Obligation Bond Payable	\$2,830,000		\$170,000	\$2,660,000
Energy Conservation Notes Payable	82,826		21,233	61,593
Asbestos Abatement Loan Payable	8,815		5,000	3,815
Capital Lease Obligation		\$956,000		956,000
Pension Obligation	45,121	1,026		46,147
Compensated Absences	505,006	60,971		565,977
Total	<u>\$3,471,768</u>	<u>\$1,017,997</u>	<u>\$196,233</u>	<u>\$4,293,532</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2003 are a voted debt margin of \$5,034,981 and an unvoted debt margin of \$86,227.

13. OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 2 weeks of vacation per year after 1 year of service, 3 weeks of vacation per year after 10 years of service, and 4 weeks of vacation per year after 18 years of service. The 4 principals, special education supervisor, superintendent and treasurer do not earn vacation; their contracts are for a specific number of days and the rest of the year are non-contract days. The high school principal is contracted for 240 days, the middle school principal for 240 days, and the elementary principal for 220 days, and the superintendent for 240 days. The treasurer is contracted for 240 days, and the special education supervisor for 160 days, and the assistant principal 220 days. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Certified employees do not earn vacation.

**CRESTVIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

13. OTHER EMPLOYEE BENEFITS (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated up to a maximum of 15 days per year for all personnel. The total lifetime maximum sick leave accumulation for personnel is 250 days for certified employees and 220 days for classified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 47 days for certified employees and 46 days for classified employees.

14. RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2003, the District has contracted with the following insurance companies to provide coverage in the following amounts:

Coverage	Limits of Coverage	Deductible
<u>Ohio School Plan</u>		
General liability:		
Each occurrence	\$1,000,000	\$0
Aggregate	\$3,000,000	\$0
Umbrella liability:		
Each occurrence	\$1,000,000	\$0
Aggregate	\$3,000,000	\$0
<u>Ohio School Plan</u>		
Fleet:		
Comprehensive	\$2,000,000	\$500
Collision	\$2,000,000	\$500
<u>Cincinnati Insurance Company</u>		
Building and contents	\$20,279,945	\$1,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal 2002.

B. Health and Dental Insurance

The District has established a Self-Insurance Fund in the Internal Service Fund Type to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$60,000 per claim per employee. The District purchases commercial insurance for claims in excess of coverage provided by this Fund and for other risks of loss including annual aggregate stop loss coverage for annual claims paid. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

All funds of the District participate in the program and make payment to the Self-Insurance Fund based upon actuarial estimates of the amounts needed to pay prior and current-year claims. The claims liability of \$63,034 reported in the Fund at June 30, 2003 is based upon the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of financial statements and the amount of the loss can be reasonably estimated. Claims in the Fund's claims liability during Fiscal 2002 and 2003 were:

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

14. RISK MANAGEMENT (Continued)

B. Health and Dental Insurance (Continued)

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2002	\$204,130	\$560,291	\$698,484	\$65,937
2003	\$65,937	\$68,464	\$71,367	\$63,034

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 16. As such, no funding provisions are required by the District.

C. OSBA Group Rating Program

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

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

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

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two Enterprise funds to account for the operations of the Food Service and Adult Education Funds. Selected segment information for the year ended June 30, 2003 is as follows:

**CRESTVIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Adult Education	Total
Operating Revenue	\$202,522		\$202,522
Expenses Before Depreciation	363,300		363,300
Depreciation Expense	19,575		19,575
Operating Income (Loss)	(180,353)		(180,353)
Operating Grants	118,431		118,431
Donated Federal Commodities	21,766		21,766
Other	329		329
Net Income (Loss)	(39,827)		(39,827)
Net Working Capital	(125,537)	(96)	(125,633)
Total Assets	256,493		256,493
Total Liabilities	136,874	96	136,970
Contributed Capital	278,495		278,495
Total Equity	119,619	(96)	119,523

16. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 8.17 percent was the portion used to fund pension obligations for fiscal year 2003. For fiscal year 2002, 5.46 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the years ended June 30, 2003, 2002, and 2001 were \$139,150, \$131,970, and \$116,946 respectively; 51 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. The unpaid contribution for fiscal year 2003, in the amount of \$68,052, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system, administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

16. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations for fiscal year 2003. For fiscal year 2002, 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, 2003, 2002, and 2001 were \$552,101, \$547,166, and \$526,517 respectively; 84 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. The unpaid contribution for fiscal year 2003, in the amount of \$88,160, 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. As of June 30, 2003, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

17. POSTEMPLOYMENT BENEFITS

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$36,406 during fiscal 2003.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

17. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$48,905 during the 2003 fiscal year.

18. BUDGETARY BASIS OF ACCOUNTING

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

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

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

18. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Budget Basis	(\$583,408)	(\$47,038)	\$9,384	(\$1,031,480)
Adjustments for:				
Revenue Accruals	(90,331)	118,004	(23,571)	4,027
Expenditure Accruals	10,397	(78,060)		(1,106,864)
Other Financing Sources/(Uses)	29,724	1,268		956,000
Encumbrances	80,610	24,183		825,256
GAAP Basis	<u>(\$553,008)</u>	<u>\$18,357</u>	<u>(\$14,187)</u>	<u>(\$353,061)</u>

19. CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants.

The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2003.

B. Litigation

There are currently no matters in litigation with the District as defendant.

20. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

21. SET-ASIDE CALCULATIONS AND FUND 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 equal 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.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements, which were eliminated by S.B. 345, during fiscal year 2002.

	Textbooks	Capital Acquisition
Set-Aside Cash Balance as of June 30, 2002	(\$152,880)	
Current Year Set-Aside Requirement	153,510	\$153,510
Current Year Offsets		(256,506)
Qualifying Disbursement	(140,185)	
Total	(\$139,555)	(\$102,996)

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount is therefore not presented as being carried forward to the next fiscal year.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$21,766		\$21,766
National School Breakfast Program	05PU-2002 05PU-2003	10.553	4,535 15,018		4,535 15,018	
			19,553		19,553	
National School Lunch Program	LLN4-2002 LLP4-2002 LLP4-2003	10.555	9,762 10,520 72,502		9,762 10,520 72,502	
			92,784		92,784	
Total U.S. Department of Agriculture - Nutrition Cluster			112,337	\$21,766	112,337	\$21,766
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-2002 C1-S1-2003	84.010	-6,258 265,224		23,936 257,733	
Total Grants to Local Educational Agencies (Title 1)			258,966		281,669	
Drug Free Schools	DR-S1-2002 DR-S1-2003	84.186			177 3,081	
Total Drug Free Schools			2,921		3,258	
Eisenhower Professional Development State Grants Title II, Part B	MS-S1-2002	84.281	795		6,432	
Innovative Educational Program	C2-S1-2002 C2-S1-2003	84.298	542 6,069		1,130 6,069	
Total Innovative Educational Program			6,611		7,199	
Technology Literacy Challenge Fund Grant	TJ-S1-2003	84.318	1,575		1,575	
Class Size Reduction Subsidy	CR-S1-2002	84.340	1,822		5,256	
School Renovation Idea/Technology	AT-S3-2002 AT-S4-2002	84.352A	2,495 389		2,495	
			2,884		2,495	
Title II-A, State grants for Improving Teacher Quality	TR-S1-2003	84.367	62,555		56,279	
Total Department of Education			338,129		364,163	
Totals			\$450,466	\$21,766	\$476,500	\$21,766

The accompanying notes to this schedule are an integral part of this schedule.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

FISCAL YEAR ENDED JUNE 30, 2003

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B—FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Crestview Local School District
Columbiana County
44100 Crestview Road, Suite A
Columbiana, Ohio 44408

We have audited the financial statements of Crestview Local School District, Columbiana County, Ohio (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated February 12, 2004. 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated February 12, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 12, 2004.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies' and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 12, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Crestview Local School District
Columbiana County
44100 Crestview Road, Suite A
Columbiana, Ohio 44408

Compliance

We have audited the compliance of the Crestview Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies' and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 12, 2004

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
JUNE 30, 2003**

**SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A -133 §.315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
2002-11215-001	Final expenditure report for the Technology Literacy Challenge Fund Grant not submitted within 60 days of the end of the project period.	Yes	Finding No Longer Valid

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**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

CRESTVIEW LOCAL SCHOOL DISTRICT

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 22, 2004**