

**CRESTLINE EXEMPTED  
VILLAGE SCHOOL DISTRICT**

**CRAWFORD COUNTY, OHIO**

**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

*(Audited)*

*FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003*

**WAYNE HAMILTON, TREASURER**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Crestline Exempted Village School District, Crawford County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2002 to June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

January 23, 2004

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

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# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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## Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the Crestline Exempted Village School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2003. These general purpose financial statements are the responsibility of Crestline Exempted Village School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Crestline Exempted Village School District, Crawford County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the fiscal 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 a report dated December 26, 2003, on our consideration of the Crestline Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

Trimble, Julian & Grube, Inc.  
December 26, 2003

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2003**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 345,776	\$ 346,346	\$ 10,056	\$ 126,433
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent . . . . .	3,118,148		-	125,853
Accounts. . . . .	-	-	-	-
Accrued interest . . . . .	1,276	-	-	-
Interfund loan receivable . . . . .	-	-	-	-
Due from other governments . . . . .	6,979	217,733	-	-
Advances to other funds. . . . .	11,843	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Prepayments . . . . .	11,252	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	35,920	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .	-	-	-	-
<b>OTHER DEBITS:</b>				
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
<b>Total assets and other debits . . . . .</b>	<b><u>\$ 3,531,194</u></b>	<b><u>\$ 564,079</u></b>	<b><u>\$ 10,056</u></b>	<b><u>\$ 252,286</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES:</b>				
Accounts payable . . . . .	\$ 1,107	\$ 1,586	\$ -	\$ -
Accrued wages and benefits. . . . .	754,515	100,068	-	-
Compensated absences payable. . . . .	-	-	-	-
Pension obligation payable . . . . .	107,479	9,607	-	-
Interfund loan payable . . . . .	-	536,942	-	10
Deferred revenue . . . . .	2,499,021	203,043	-	100,056
Advances from other funds . . . . .	-	11,843	-	-
Due to other governments. . . . .	40,222	4,816	-	-
Claims payable . . . . .	-	-	-	-
Due to students . . . . .	-	-	-	-
Capital lease obligation payable. . . . .	-	-	-	-
<b>Total liabilities. . . . .</b>	<b><u>3,402,344</u></b>	<b><u>867,905</u></b>	<b><u>-</u></b>	<b><u>100,066</u></b>
<b>EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
Contributed capital . . . . .	-	-	-	-
Retained earnings: unreserved . . . . .	-	-	-	-
Fund balances (deficit):				
Reserved for encumbrances . . . . .	49,542	2,045	-	5,874
Reserved for prepayments . . . . .	11,252	-	-	-
Reserved for tax revenue unavailable for appropriation. . . . .	619,127	-	-	25,797
Reserved for advances. . . . .	11,843	-	-	-
Reserved for BWC refunds . . . . .	35,920	-	-	-
Unreserved-undesignated . . . . .	(598,834)	(305,871)	10,056	120,549
<b>Total equity and other credits . . . . .</b>	<b><u>128,850</u></b>	<b><u>(303,826)</u></b>	<b><u>10,056</u></b>	<b><u>152,220</u></b>
<b>Total liabilities, equity and other credits. . . . .</b>	<b><u>\$ 3,531,194</u></b>	<b><u>\$ 564,079</u></b>	<b><u>\$ 10,056</u></b>	<b><u>\$ 252,286</u></b>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 163,832	\$ 80,164	\$ 14,620	\$ -	\$ -	\$ 1,087,227
-	-	-	-	-	3,244,001
3,623	4,255	-	-	-	7,878
-	-	-	-	-	1,276
-	563,385	-	-	-	563,385
346	-	-	-	-	225,058
-	-	-	-	-	11,843
5,861	-	-	-	-	5,861
-	-	-	-	-	11,252
-	-	-	-	-	35,920
81,721	-	-	5,632,163	-	5,713,884
-	-	-	-	585,482	585,482
<u>\$ 255,383</u>	<u>\$ 647,804</u>	<u>\$ 14,620</u>	<u>\$ 5,632,163</u>	<u>\$ 585,482</u>	<u>\$ 11,493,067</u>
\$ -	\$ -	\$ 222	\$ -	\$ -	\$ 2,915
27,519	-	-	-	-	882,102
11,404	-	-	-	387,462	398,866
17,512	-	-	-	54,821	189,419
25,526	-	907	-	-	563,385
-	-	-	-	-	2,802,120
-	-	-	-	-	11,843
1,691	-	-	-	-	46,729
-	108,514	-	-	-	108,514
-	-	9,167	-	-	9,167
-	-	-	-	143,199	143,199
<u>83,652</u>	<u>108,514</u>	<u>10,296</u>	<u>-</u>	<u>585,482</u>	<u>5,158,259</u>
-	-	-	5,632,163	-	5,632,163
26,086	-	-	-	-	26,086
145,645	539,290	-	-	-	684,935
-	-	47	-	-	57,508
-	-	-	-	-	11,252
-	-	-	-	-	644,924
-	-	-	-	-	11,843
-	-	-	-	-	35,920
-	-	4,277	-	-	(769,823)
<u>171,731</u>	<u>539,290</u>	<u>4,324</u>	<u>5,632,163</u>	<u>-</u>	<u>6,334,808</u>
<u>\$ 255,383</u>	<u>\$ 647,804</u>	<u>\$ 14,620</u>	<u>\$ 5,632,163</u>	<u>\$ 585,482</u>	<u>\$ 11,493,067</u>

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 2,689,468	\$ -	\$ 5	\$ 164,333	\$ -	\$ 2,853,806
Tuition . . . . .	3,721	-	-	-	-	3,721
Earnings on investments . . . . .	24,744	-	-	-	-	24,744
Extracurricular . . . . .	-	123,351	-	-	-	123,351
Other local revenues . . . . .	13,876	10,648	-	250	2,797	27,571
Donations . . . . .	-	-	-	-	4,500	4,500
Intergovernmental - State . . . . .	3,289,895	371,014	-	16,835	-	3,677,744
Intergovernmental - Federal . . . . .	-	146,185	-	-	-	146,185
<b>Total revenues . . . . .</b>	<b>6,021,704</b>	<b>651,198</b>	<b>5</b>	<b>181,418</b>	<b>7,297</b>	<b>6,861,622</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	2,937,264	262,473	-	18,615	3,239	3,221,591
Special . . . . .	658,217	228,560	-	-	-	886,777
Vocational . . . . .	153,840	-	-	-	-	153,840
Support services:						
Pupil . . . . .	256,385	112,436	-	-	-	368,821
Instructional staff . . . . .	425,708	135,574	-	16,995	-	578,277
Board of Education . . . . .	193,100	-	-	-	-	193,100
Administration . . . . .	828,946	6,356	-	-	-	835,302
Fiscal . . . . .	239,728	2,146	13	4,620	-	246,507
Operations and maintenance . . . . .	757,164	-	-	36,539	-	793,703
Pupil transportation . . . . .	286,134	-	-	-	-	286,134
Community services . . . . .	-	91,945	-	-	3,074	95,019
Extracurricular activities . . . . .	252,838	64,496	-	-	75	317,409
Capital outlay . . . . .	151,214	-	-	-	-	151,214
Debt service:						
Principal retirement . . . . .	8,015	-	115,000	-	-	123,015
Interest and fiscal charges . . . . .	821	-	3,364	-	-	4,185
<b>Total expenditures . . . . .</b>	<b>7,149,374</b>	<b>903,986</b>	<b>118,377</b>	<b>76,769</b>	<b>6,388</b>	<b>8,254,894</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(1,127,670)	(252,788)	(118,372)	104,649	909	(1,393,272)
Other financing sources (uses):						
Operating transfers in . . . . .	-	1,000	118,364	-	-	119,364
Operating transfers out . . . . .	(28,000)	-	-	(118,364)	-	(146,364)
Proceeds of capital lease transaction . . . . .	151,214	-	-	-	-	151,214
<b>Total other financing sources (uses) . . . . .</b>	<b>123,214</b>	<b>1,000</b>	<b>118,364</b>	<b>(118,364)</b>	<b>-</b>	<b>124,214</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	(1,004,456)	(251,788)	(8)	(13,715)	909	(1,269,058)
Fund balances (deficit), July 1 . . . . .	1,140,611	(52,038)	10,064	165,935	3,415	1,267,987
Decrease in reserve for inventory . . . . .	(7,305)	-	-	-	-	(7,305)
<b>Fund balances (deficit), June 30 . . . . .</b>	<b>\$ 128,850</b>	<b>\$ (303,826)</b>	<b>\$ 10,056</b>	<b>\$ 152,220</b>	<b>\$ 4,324</b>	<b>\$ (8,376)</b>

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

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**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 2,945,509	\$ 2,886,129	\$ (59,380)	\$ -	\$ -	\$ -
Tuition . . . . .	3,794	3,721	(73)	-	-	-
Earnings on investments . . . . .	25,901	25,399	(502)	-	-	-
Extracurricular . . . . .	-	-	-	166,402	123,351	(43,051)
Other local revenues . . . . .	13,857	13,589	(268)	7,521	10,648	3,127
Intergovernmental - State . . . . .	3,350,939	3,288,205	(62,734)	420,563	359,498	(61,065)
Intergovernmental - Federal . . . . .	-	-	-	236,630	146,185	(90,445)
Total revenues . . . . .	<u>6,340,000</u>	<u>6,217,043</u>	<u>(122,957)</u>	<u>831,116</u>	<u>639,682</u>	<u>(191,434)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	3,090,259	2,899,912	190,347	248,806	265,682	(16,876)
Special . . . . .	704,080	660,712	43,368	211,197	225,521	(14,324)
Vocational . . . . .	166,700	156,432	10,268	-	-	-
Support services:						
Pupil . . . . .	281,525	264,184	17,341	102,178	109,108	(6,930)
Instructional staff . . . . .	445,908	418,442	27,466	126,303	134,870	(8,567)
Board of Education . . . . .	206,130	193,433	12,697	-	-	-
Administration . . . . .	862,297	809,183	53,114	6,043	6,453	(410)
Fiscal . . . . .	254,039	238,391	15,648	1,921	2,051	(130)
Operations and maintenance . . . . .	791,927	743,148	48,779	-	-	-
Pupil transportation . . . . .	299,694	281,234	18,460	-	-	-
Community services . . . . .	-	-	-	86,845	92,735	(5,890)
Extracurricular activities . . . . .	267,159	250,703	16,456	61,381	65,546	(4,165)
Debt service:						
Principal retirement . . . . .	-	-	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-	-	-
Total expenditures . . . . .	<u>7,369,718</u>	<u>6,915,774</u>	<u>453,944</u>	<u>844,674</u>	<u>901,966</u>	<u>(57,292)</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,029,718)</u>	<u>(698,731)</u>	<u>330,987</u>	<u>(13,558)</u>	<u>(262,284)</u>	<u>(248,726)</u>
<b>Other financing sources (uses):</b>						
Operating transfers in . . . . .	83,353	76,500	(6,853)	706	1,000	294
Operating transfers out . . . . .	(111,359)	(104,500)	6,859	-	-	-
Refund of prior year expenditures . . . . .	13,455	13,194	(261)	-	-	-
Advances in . . . . .	-	-	-	-	536,942	536,942
Total other financing sources (uses) . . . . .	<u>(14,551)</u>	<u>(14,806)</u>	<u>(255)</u>	<u>706</u>	<u>537,942</u>	<u>537,236</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	<u>(1,044,269)</u>	<u>(713,537)</u>	<u>330,732</u>	<u>(12,852)</u>	<u>275,658</u>	<u>288,510</u>
Fund balances, July 1 . . . . .	892,789	892,789	-	47,993	47,993	-
Prior year encumbrances appropriated . . . . .	<u>147,154</u>	<u>147,154</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>
Fund balances (deficit), June 30 . . . . .	<u>\$ (4,326)</u>	<u>\$ 326,406</u>	<u>\$ 330,732</u>	<u>\$ 54,130</u>	<u>\$ 342,640</u>	<u>\$ 288,510</u>

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

Debt Service			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ 170	\$ 170	\$ 138,391	\$ 171,859	\$ 33,468	\$ 3,083,900	\$ 3,058,158	\$ (25,742)
-	-	-	-	-	-	3,794	3,721	(73)
-	-	-	-	-	-	25,901	25,399	(502)
-	-	-	-	-	-	166,402	123,351	(43,051)
-	-	-	209	250	41	21,587	24,487	2,900
-	-	-	15,233	16,835	1,602	3,786,735	3,664,538	(122,197)
-	-	-	-	-	-	236,630	146,185	(90,445)
-	170	170	153,833	188,944	35,111	7,324,949	7,045,839	(279,110)
-	-	-	25,454	19,036	6,418	3,364,519	3,184,630	179,889
-	-	-	-	-	-	915,277	886,233	29,044
-	-	-	-	-	-	166,700	156,432	10,268
-	-	-	-	-	-	383,703	373,292	10,411
-	-	-	30,695	22,956	7,739	602,906	576,268	26,638
-	-	-	-	-	-	206,130	193,433	12,697
-	-	-	-	-	-	868,340	815,636	52,704
9	13	(4)	6,178	4,620	1,558	262,147	245,075	17,072
-	-	-	56,083	41,943	14,140	848,010	785,091	62,919
-	-	-	-	-	-	299,694	281,234	18,460
-	-	-	-	-	-	86,845	92,735	(5,890)
-	-	-	-	-	-	328,540	316,249	12,291
9,890	115,000	(105,110)	-	-	-	9,890	115,000	(105,110)
-	3,364	(3,364)	-	-	-	-	3,364	(3,364)
9,899	118,377	(108,478)	118,410	88,555	29,855	8,342,701	8,024,672	318,029
(9,899)	(118,207)	(108,308)	35,423	100,389	64,966	(1,017,752)	(978,833)	38,919
-	123,657	123,657	2,979	3,706	727	87,038	204,863	117,825
-	(5,293)	(5,293)	(163,222)	(122,070)	41,152	(274,581)	(231,863)	42,718
-	-	-	-	-	-	13,455	13,194	(261)
-	-	-	-	10	10	-	536,952	536,952
-	118,364	118,364	(160,243)	(118,354)	41,889	(174,088)	523,146	697,234
(9,899)	157	10,056	(124,820)	(17,965)	106,855	(1,191,840)	(455,687)	736,153
9,899	9,899	-	87,916	87,916	-	1,038,597	1,038,597	-
-	-	-	50,608	50,608	-	216,751	216,751	-
\$ -	\$ 10,056	\$ 10,056	\$ 13,704	\$ 120,559	\$ 106,855	\$ 63,508	\$ 799,661	\$ 736,153

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees . . . . .	\$ 122,997	\$ 4,255	\$ 127,252
Sales/charges for services . . . . .	138,495	1,328,178	1,466,673
Donations . . . . .	-	-	-
Other operating revenues . . . . .	<u>2,100</u>	<u>-</u>	<u>2,100</u>
 Total operating revenues . . . . .	 <u>263,592</u>	 <u>1,332,433</u>	 <u>1,596,025</u>
Operating expenses:			
Personal services . . . . .	281,378	-	281,378
Contract services . . . . .	6,839	28,817	35,656
Materials and supplies . . . . .	151,948	-	151,948
Depreciation . . . . .	4,022	-	4,022
Claims expenses . . . . .	-	1,189,440	1,189,440
Other . . . . .	<u>1,387</u>	<u>-</u>	<u>1,387</u>
 Total operating expenses . . . . .	 <u>445,574</u>	 <u>1,218,257</u>	 <u>1,663,831</u>
 Operating income (loss) . . . . .	 <u>(181,982)</u>	 <u>114,176</u>	 <u>(67,806)</u>
Nonoperating revenues (expenses):			
Intergovernmental grants . . . . .	127,847	-	127,847
Interest income . . . . .	461	-	461
Federal commodities . . . . .	29,887	-	29,887
Loss on sale of assets . . . . .	<u>(1,899)</u>	<u>-</u>	<u>(1,899)</u>
 Total nonoperating revenues (expenses) . . . . .	 <u>156,296</u>	 <u>-</u>	 <u>156,296</u>
Net income (loss) before			
operating transfers and capital contributions . . . . .	(25,686)	114,176	88,490
 Operating transfers in . . . . .	 27,000	 -	 27,000
Capital contributions . . . . .	<u>20,870</u>	<u>-</u>	<u>20,870</u>
 Net income . . . . .	 22,184	 114,176	 136,360
 Retained earnings, July 1 . . . . .	 <u>123,461</u>	 <u>425,114</u>	 <u>548,575</u>
 Retained earnings, June 30 . . . . .	 <u>\$ 145,645</u>	 <u>\$ 539,290</u>	 <u>\$ 684,935</u>

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from tuition and fees . . . . .	\$ 131,358	\$ 2,955	\$ 134,313
Cash received from sales/service charges . . . . .	138,495	1,328,178	1,466,673
Cash received from other operations . . . . .	2,100	-	2,100
Cash payments for personal services . . . . .	(280,457)	-	(280,457)
Cash payments for contract services . . . . .	(6,839)	(28,817)	(35,656)
Cash payments for materials and supplies. . . . .	(123,474)	-	(123,474)
Cash payments for claims expenses. . . . .	-	(1,346,824)	(1,346,824)
Cash payments for other expenses . . . . .	(1,387)	-	(1,387)
Net cash used in operating activities. . . . .	(140,204)	(44,508)	(184,712)
Cash flows from noncapital financing activities:			
Cash received from intergovernmental grants. . . . .	127,501	-	127,501
Transfers in from other funds. . . . .	27,000	-	27,000
Cash received from (used in) interfund loans. . . . .	25,526	(563,385)	(537,859)
Net cash provided by (used in) noncapital financing activities. . . . .	180,027	(563,385)	(383,358)
Cash flows from investing activities			
interest income. . . . .	461	-	461
Net increase (decrease) in cash and cash equivalents. . . . .	40,284	(607,893)	(567,609)
Cash and cash equivalents at beginning of year . . . . .	123,548	688,057	811,605
Cash and cash equivalents at end of year. . . . .	\$ 163,832	\$ 80,164	\$ 243,996
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss). . . . .	\$ (181,982)	\$ 114,176	\$ (67,806)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation . . . . .	4,022	-	4,022
Federal donated commodities . . . . .	29,887	-	29,887
Changes in assets and liabilities:			
Increase in materials and supplies inventory . . . . .	(1,308)	-	(1,308)
Decrease (Increase) in accounts receivable . . . . .	8,361	(1,300)	7,061
Increase in accounts payable. . . . .	-	-	-
Decrease in accrued wages and benefits . . . . .	(1,852)	-	(1,852)
Decrease in compensated absences payable . . . . .	(664)	-	(664)
Decrease in due to other governments. . . . .	(105)	-	(105)
Increase in pension obligation payable . . . . .	3,437	-	3,437
Decrease in claims payable . . . . .	-	(157,384)	(157,384)
Net cash used in operating activities . . . . .	\$ (140,204)	\$ (44,508)	\$ (184,712)

Noncash Transactions: The permanent improvement fund purchased capital contributions of \$20,870 which were recorded as fixed assets within the lunchroom fund.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

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

The District ranks as the 509<sup>th</sup> largest by enrollment among the 740 public and community school districts in the state. The District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the District’s 4 instructional/support facilities staffed by 58 classified and 73 certificated full and part-time teaching personnel who provide services to 962 students and other community members.

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

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The District’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”. 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 which the District is financially accountable.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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 organizations are described due to their relationship to the District:

*PUBLIC ENTITY RISK POOL*

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

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code (see Note 12.D.).

*JOINTLY GOVERNED ORGANIZATION*

Heartland Council of Governments (the "COG")

The COG (formerly know as North Central Ohio Computer Cooperative) is a jointly governed organization among 15 school districts and 1 county educational service center. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic technology to administrative and instructional functions. Each member district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in the COG. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*RELATED ENTITY*

Crestline Public Library (the "Library")

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

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

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

*PROPRIETARY FUNDS*

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust fund and an agency fund. The expendable trust fund is accounted for in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items, which, in other fund types, would be subject to accrual. At June 30, 2003, there were no agency fund accruals, which, in other fund types, would be recognized in the combined balance sheet.

*ACCOUNT GROUPS*

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

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

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

**C. Measurement Focus/Basis of Accounting**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

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

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2003, and which are intended to finance fiscal 2004 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue.

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

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 costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

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

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds do not receive revenue from property taxes.

**D. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2003 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates. The Crawford County Budget Commission waived this requirement for fiscal year 2003.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. The Crawford County Budget Commission has waived this requirement for fiscal year 2003.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2003.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2003. The amounts reported in the budgetary statements reflect the final appropriations approved by the Board at June 30, 2003.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

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

**E. Cash and Investments**

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

During fiscal year 2003, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$24,744, which includes \$14,012 assigned from other District funds.

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

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

**F. Materials and Supplies Inventory**

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

**G. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

2. *Proprietary Funds*

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

<u>Asset</u>	<u>Life (years)</u>
Furniture and equipment	5 - 20

**H. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and all employees with at least 20 years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**I. Long-Term Obligations**

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

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

**J. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants, or contributions from developers, customers, or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of revenue at year-end. The capital contributions received by the enterprise funds during fiscal 2003 were \$20,870. Contributed capital in the enterprise funds at June 30, 2003 is \$26,086.

**K. Fund Equity**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, tax revenue unavailable for appropriation, advances, and Bureau of Workers' Compensation (BWC) refunds. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under state statute.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**L. Interfund Transactions**

Transactions between funds during the normal course of operations may occur. These may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans, accrued interfund reimbursements, and accrued operating transfers are reflected as "interfund loans receivable and payable". The District had short-term interfund loans receivable and payable at June 30, 2003.
4. 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.

See Note 5 for an analysis of interfund transactions.

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. A fund balance reserve has also been established. See Note 18 for details.

**N. Estimates**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**O. Prepayments**

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

**P. Parochial Schools**

Within the District's boundaries are parochial schools that are operated through the Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

**Q. Memorandum Only - Total Columns**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balances**

Deficit fund balances at June 30, 2003, included the following:

<u>Special Revenue Funds</u>	<u>Deficit Balances</u>
Teacher Development	\$ 327
Public School Preschool	76,933
Disadvantaged Pupil Impact Aid	76,405
Title VI-B	15,475
Title I	401,423
Preschool	3,706

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

**B. Non-Compliance**

- i.* Contrary to Section 5705.41(B), Ohio Revised Code, the District had expenditures were in excess of appropriations in the following funds at June 30, 2003:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	Public School Fund	\$ 2,944
Special Revenue	Auxiliary Services	8,191
Special Revenue	Teacher Development	308
Special Revenue	Public School Preschool	37,614
Special Revenue	Disadvantaged Pupil Impact Aid	66,656
Special Revenue	IDEA Part B, Special Education	16,759
Special Revenue	Title I	243,082
Debt Service	Bond Retirement	113,771

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

- ii.* Contrary to Section 5705.39, Ohio Revised Code, the District's total appropriations exceeded the total estimated resources within the following funds at June 30, 2003:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
General	General	\$4,326
Special Revenue	Management Information System	5,000
Capital Projects	Technology Equity	1,795

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 percent of the interim monies available for investment at any one time, and;

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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

*Cash on hand:* At fiscal year-end, the District had \$50 in undeposited cash on hand, which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

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

*Deposits:* At year-end, the carrying amount of the District's deposits was \$(124,783) and the bank balance was \$102,444. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the District's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements, which are reported as "investments". Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$2,444 was uninsured and uncollateralized 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 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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

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

	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreement	\$315,000	\$ 315,000	\$ 315,000
Investment in STAR Ohio	-	<u>932,880</u>	<u>932,880</u>
Total investments	<u>\$315,000</u>	<u>\$1,247,880</u>	<u>\$1,247,880</u>

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,123,147	\$ -
Investments of the cash management pool:		
Repurchase agreements	(315,000)	315,000
Investment in STAR Ohio	(932,880)	932,880
Cash on hand	<u>(50)</u>	<u>-</u>
GASB Statement No. 3	<u><u>\$(124,783)</u></u>	<u><u>\$1,247,880</u></u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a reconciliation of the District's long-term advances receivable and payable at June 30, 2003:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$11,843	\$ -
<u>Special Revenue Funds</u>		
District Managed Student Activities	-	7,250
Disadvantaged Pupil Impact Aid	-	4,036
Drug-Free Schools	<u>-</u>	<u>557</u>
Total	<u><u>\$11,843</u></u>	<u><u>\$11,843</u></u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

B. The following is a reconciliation of the District's operating transfers at June 30, 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 28,000
<u>Special Revenue Fund</u>		
District Managed Student Activities	1,000	-
<u>Debt Service Fund</u>		
Bus Garage Debt	118,364	-
<u>Capital Projects Fund</u>		
Permanent Improvement	-	118,364
<u>Enterprise Fund</u>		
Day Care/Preschool	<u>27,000</u>	<u>-</u>
Total	<u>\$146,364</u>	<u>\$146,364</u>

All transfers were made in accordance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

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

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
<u>Special Revenue Funds</u>		
Public School Support	\$ -	\$ 2,060
District Managed Student Activity	-	127
Auxiliary Services	-	13
Teacher Development	-	307
Management Information Systems	-	157
Public School Preschool	-	36,681
Disadvantaged Pupil Impact Aid	-	65,952
SchoolNet Professional Development	-	22
Ohio Reads	-	793
Miscellaneous State Grants	-	189
Title II Eisenhower	-	359
Title VI-B	-	43,564

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
<u>Special Revenue Funds - (continued)</u>		
Title I	\$ -	\$379,766
Title VI	-	3,985
Performance Incentive Grant	-	2,967
<u>Capital Projects Fund</u>		
SchoolNet	-	10
<u>Enterprise Funds</u>		
Food Service	-	8,852
Day Care/Preschool	-	16,674
<u>Internal Service Fund</u>		
Employee Benefits Self-Insurance	563,385	-
<u>Expendable Trust Fund</u>		
Special Trust	-	907
Total	<u>\$563,385</u>	<u>\$563,385</u>

**NOTE 6 - PROPERTY TAXES**

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

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 varying rates of true value.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 6 - PROPERTY TAXES - (Continued)**

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2002 taxes were collected was \$76,486,284. Agricultural/residential and public utility real estate represented \$42,771,090 or 55.92% of this total; commercial & industrial real estate represented \$11,216,100 or 14.66% of this total, public utility tangible represented \$6,018,060 or 7.87% of this total and general tangible property represented \$16,481,034 or 21.55% of this total. The voted general tax rate at the fiscal year ended June 30, 2003 was \$58.70 per \$1,000.00 of assessed valuation for operations, \$3.00 per \$1,000.00 of assessed valuation for permanent improvements and \$1.05 per \$1,000.00 of assessed valuation for debt retirement.

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 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. A total of \$644,924 available to the District as an advance at June 30 and is recognized as revenue.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2003, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, amounts due from other funds, advances to other funds, and intergovernmental grants (to the extent eligibility requirements were met by year-end). Intergovernmental grants receivable have been presented as "Due From Other Governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Property taxes - current and delinquent	\$3,118,148
Accrued interest	1,276
Due from other governments	6,979
Advance to other funds	11,843
<u>Special Revenue Funds</u>	
Due from other governments	217,733
<u>Capital Projects Fund</u>	
Property taxes - current and delinquent	125,853
<u>Enterprise Funds</u>	
Accounts	3,623
Due from other governments	346
<u>Internal Service Fund</u>	
Interfund loans receivable	563,385
Accounts	4,255

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 8 - FIXED ASSETS**

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

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2003</u>
Land/improvements	\$ 22,751	\$ -	\$ -	\$ 22,751
Buildings/improvements	3,610,809	-	-	3,610,809
Furniture/equipment	1,503,232	269,279	(67,370)	1,705,141
Vehicles	<u>293,462</u>	<u>-</u>	<u>-</u>	<u>293,462</u>
Total	<u>\$5,430,254</u>	<u>\$269,279</u>	<u>\$(67,370)</u>	<u>\$5,632,163</u>

A summary of the proprietary fixed assets at June 30, 2003 follows:

Furniture and equipment	\$ 343,051
Less: accumulated depreciation	<u>(261,330)</u>
Net fixed assets	<u>\$ 81,721</u>

**NOTE 9 - CAPITAL LEASE**

During fiscal year 2003, the District entered into a capitalized lease for office equipment. This lease met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined GPFS for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment has been capitalized in the general fixed assets account group in the amount of \$151,214. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments of \$8,015 were made during fiscal year 2003 from the general fund.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 9 - CAPITAL LEASE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement and the present value of the minimum lease payments as of June 30, 2003.

Fiscal Year Ending June 30	Amount
2004	\$ 53,010
2005	53,010
2006	<u>44,175</u>
Total	150,195
Less: amount representing interest	<u>(6,996)</u>
Present value of minimum lease payments	<u><u>\$143,199</u></u>

**NOTE 10 - COMPENSATED ABSENCES**

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. The following is a schedule of the District's long-term obligations activity for the fiscal year ended June 30, 2003:

	Interest Rate	Issue Date	Maturity Date	Outstanding July 1, 2002	Retired in 2003	Outstanding June 30, 2003
Energy conservation bonds	5.85%	04/06/95	12/01/02	<u>\$115,000</u>	<u>\$115,000</u>	\$ _____ -
Total				<u>\$115,000</u>	<u>\$115,000</u>	<u>\$ _____ -</u>

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The energy conservation bonds were issued in accordance with Ohio energy conservation measures (House Bill 264) for the purpose of paying costs of installments, modifications, and remodeling school buildings to conserve energy. Payments of principal and interest on the energy conservation bonds were recorded as expenditures in the debt service fund.

- B.** During the year ended June 30, 2003, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to the impracticality of determining these values. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	<u>Balance</u> <u>July 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2003</u>
Compensated absences	\$265,291	\$129,868	\$ (7,697)	\$387,462
Pension obligation payable	45,711	54,821	(45,711)	54,821
Energy conservation bonds payable	115,000	-	(115,000)	-
Capital lease obligation payable	<u>-</u>	<u>151,214</u>	<u>(8,015)</u>	<u>143,199</u>
Total	<u>\$426,002</u>	<u>\$335,903</u>	<u>\$(176,423)</u>	<u>\$585,482</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2003 are a voted debt margin of \$6,883,766 and an unvoted debt margin of \$76,486.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2003, the District retained property insurance coverage, boiler and machinery coverage, and inland marine floaters in the blanket amount of \$22,826,400 with 100% coinsurance, replacement cost endorsement and a \$2,500 deductible. Vehicles are covered by Grange Insurance Company and hold a \$250 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$2,000,000 limit of liability for bodily injury per person, per occurrence, and property damage.

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

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance from the prior year.

**B. Employee Dishonesty Bonds**

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

**C. Employee Group Medical, Dental, and Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through Lafayette Life Insurance Company in the amount of \$40,000. Administrative staff is insured as follows:

Superintendent	\$65,000
Treasurer	49,000
High School Principal	64,000
Middle School Principal	60,000
Elementary Principal	58,500
Day Care Coordinator	60,000

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The District has elected to provide a comprehensive medical benefits package to the employees through a self-insured program. The District maintains a self-insured internal service fund to account for the finances of its uninsured risks of loss in this program. This package provides a comprehensive medical plan with a \$100 single and \$200 family deductible. Included in this plan is a mail-in prescription drug plan with a \$5 per prescription deductible for drugs. The plan is administered by National RX Services, Inc. located in Columbus, Ohio. A third party administrator, Coresource Associates, located in Columbus, Ohio, reviews all claims for the medical and prescription drug plan, which are then paid by the District. The District purchases stop-loss coverage of \$50,000 per individual, and an aggregate limit of \$1,000,000 from A.I.G. The total monthly premium paid into the internal service fund for the medical and prescription drug plan is \$429.36 for single coverage and \$1,072.91 for family coverage, which is paid out of the same fund that pays the salary for the employee.

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

The District provides dental coverage for its employees on a self-insured basis through Coresource Associates. The total monthly premium is \$45.01 for single coverage and \$89.13 for family coverage. There is no employee share for dental coverage.

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The claims liability of \$108,514 reported in the internal service fund at June 30, 2003, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2003	\$265,898	\$1,189,440	\$(1,346,824)	\$108,514
2002	211,537	821,561	(767,200)	265,898

**D. Workers' Compensation**

The District participates in the OSBA Workers' 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/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and day-school/pre-school. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2003.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Day-school/ Pre-school</u>	<u>Total</u>
Operating revenues	\$140,393	\$22,319	\$100,880	\$ 263,592
Operating expenses				
before depreciation	333,611	14,562	93,379	441,552
Depreciation	3,820	-	202	4,022
Operating income/(loss)	(197,038)	7,757	7,299	(181,982)
Intergovernmental grants	122,766	-	5,081	127,847
Federal donated commodities	29,887	-	-	29,887
Net income (loss)	(23,054)	7,757	37,481	22,184
Fixed assets:				
Additions	20,870	-	-	20,870
Net working capital	(8,275)	36,294	78,611	106,630
Long term liabilities				
payable from fund revenues	12,485	-	4,135	16,620
Total assets	107,948	36,294	111,141	255,383
Total liabilities	53,251	-	30,401	83,652
Total equity	54,697	36,294	80,740	171,731
Encumbrances at 6/30/03	1,619	129	650	2,398

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$159,169, \$156,877, and \$138,009, respectively; 48.34% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$82,224, represents the unpaid contribution for fiscal year 2003.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**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 and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone 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, or by calling (614) 227-4090.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 9.5% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$487,522, \$470,678, and \$455,874, respectively; 82.85% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$83,620, represents the unpaid contribution for fiscal year 2003.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2003, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% 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 \$34,823 during fiscal 2003.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 \$72,498 during the 2003 fiscal year.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (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).

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 16 - 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 the governmental funds are as follows:

	<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>			
	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ (713,537)	\$ 275,658	\$ 157	\$(17,965)
Net adjustment for revenue accruals	(195,339)	11,516	(165)	(7,526)
Net adjustment for expenditure accruals	(288,890)	(5,728)	-	5,912
Net adjustment for other financing sources/(uses)	138,020	(536,940)	-	(10)
Encumbrances (budget basis)	<u>55,290</u>	<u>3,706</u>	<u>-</u>	<u>5,874</u>
GAAP basis	<u><u>\$ (1,004,456)</u></u>	<u><u>\$ (251,788)</u></u>	<u><u>\$ (8)</u></u>	<u><u>\$(13,715)</u></u>

**NOTE 17 - CONTINGENCIES**

**A. Grants**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 17 - CONTINGENCIES - (Continued)**

**B. Litigation**

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

**C. 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 District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**NOTE 18 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2002	\$ (5,530)	\$(174,933)	\$35,920
Current year set-aside requirement	117,002	117,002	-
Current year offsets	-	(171,436)	-
Qualifying disbursements	<u>(295,166)</u>	<u>(148,844)</u>	<u>-</u>
Total	<u>\$(183,694)</u>	<u>\$(378,211)</u>	<u>\$35,920</u>
Cash balance carried forward to FY 2003	<u>\$(183,694)</u>	<u>\$(174,933)</u>	<u>\$35,920</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 18 - STATUTORY RESERVES - (Continued)**

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero in the instructional materials reserve, and this extra amount may be used to reduce the set-aside requirements for future years. Although the capital acquisition reserve had qualifying disbursements and offsets that reduced the set-aside reserve below zero, these amounts may not be used to further reduce the set-aside requirement for future years.

A schedule of the restricted assets at June 30, 2003 follows:

Amount restricted for BWC refunds	<u>\$35,920</u>
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## SUPPLEMENTAL DATA

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A),(C) Food Distribution	10.550	N/A	\$ -	\$ 29,887	\$ -	\$ 29,887
(A),(D) School Breakfast Program	10.553	045344-05PU-2002	2,451		2,451	
(A),(D) National School Lunch	10.553	045344-05PU-2003	16,516		16,516	
(A),(D) National School Lunch	10.555	045344-LLP4-2002	13,202		13,202	
(A),(D) National School Lunch	10.555	045344-LLP4-2003	82,653		82,653	
<b>Total Nutrition Cluster</b>			<u>114,822</u>	<u>29,887</u>	<u>114,822</u>	<u>29,887</u>
(D) Child & Adult Food Care	10.558	045344-21CP-2002	1,137		1,137	
(D) Child & Adult Food Care	10.558	045344-CCMO-2003	3,590		3,590	
<b>Total Child &amp; Adult Food Care</b>			<u>4,727</u>	<u>-</u>	<u>4,727</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<u>119,549</u>	<u>29,887</u>	<u>119,549</u>	<u>29,887</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010	045344-C1-S1-2002	34,651		38,625	
Title I - Grants to Local Educational Agencies	84.010	045344-C1S1-2003	-		208,592	
<b>Total Title I - Grants to Local Educational Agencies</b>			<u>34,651</u>		<u>247,217</u>	
<b>Special Education Cluster:</b>						
(B) Title VI-B - Special Education: Grants to State	84.027	050682-6BSF-2001-P	-		295	
(B) Title VI-B - Special Education: Grants to State	84.027	045344-6BSF-2002-P	49,615		65,693	
(B) Title VI-B - Special Education: Grants to State	84.027	045344-6BSF-2002-P	19,385		-	
<b>Total Title VI-B - Special Education: Grants to States</b>			<u>69,000</u>		<u>65,988</u>	
(B) Special Education Preschool	84.173	045344-PGS1-2001-P	-		17	
(B) Special Education Preschool	84.173	045344-PGS1-2002-P	-		4,844	
(B) Special Education Preschool	84.173	045344-PGS1-2003-P	818		-	
<b>Total Special Education Preschool</b>			<u>818</u>		<u>4,861</u>	
<b>Total Special Education Cluster</b>			<u>69,818</u>		<u>70,849</u>	
Safe and Drug-Free Schools	84.186	050682-DRS1-2002	-		581	
Safe and Drug-Free Schools	84.186	045344-DRS1-2003	1,139		-	
<b>Total Safe and Drug-Free Schools</b>			<u>1,139</u>		<u>581</u>	
Goals 2000	84.276	045344-G2S9-2001	-		9,692	
(F) Eisenhower Professional Development	84.281	045344-MSS1-2000	(4,216)		-	
(F) Title VI - Innovative Education Program Strategic	84.298	045344-C2S1-2000	(3,626)		-	
Title VI - Innovative Education Program Strategic	84.298	045344-C2S1-2002	-		862	
Title VI - Innovative Education Program Strategic	84.298	045344-C2S1-2003	1,078		-	
<b>Total Title VI - Innovative Education Program Strategies</b>			<u>(2,548)</u>		<u>862</u>	
Education Technology	84.318	045344-TJS1-2003	949		3,629	
Title VI-R - Class Size Reduction	84.340	045344-CRS1-2001	19,482		-	
School Renovation, IDEA and Technology	84.352A	045344-ATS2-2002	14,020		14,089	
School Renovation, IDEA and Technology	84.352A	045344-ATS3-2002	2,651		2,651	
<b>Total School Renovation, IDEA and Technology</b>			<u>16,671</u>		<u>16,740</u>	
Improving Teacher Quality	84.367	045344-TRS1-2003	10,239		-	
<b>Total U.S. Department of Education</b>			<u>146,185</u>		<u>349,570</u>	
<b>Total Federal Financial Assistance</b>			<u>\$ 265,734</u>	<u>\$ 29,887</u>	<u>\$ 469,119</u>	<u>\$ 29,887</u>

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

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited the general purpose financial statements of Crestline Exempted Village School District as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated December 26, 2003. 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 Crestline Exempted Village School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-CEVSD-001 and 2003-CEVSD-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of Crestline Exempted Village School District in a separate letter dated December 26, 2003.

Board of Education  
Crestline Exempted Village School District

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated December 26, 2003.

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

Trimble, Julian & Grube, Inc.  
December 26, 2003

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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

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

### Compliance

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

We conducted our audit of compliance in accordance with 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, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Crestline Exempted Village School Districts'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 Crestline Exempted Village School Districts's compliance with those requirements.

Board of Education  
Crestline Exempted Village School District

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 fiscal 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. However, we noted a matter involving the internal control over federal compliance that we have reported to the management of the District in a separate letter dated December 26, 2003.

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

Trimble, Julian & Grube, Inc.  
December 26, 2003

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO  
JUNE 30, 2003**

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

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO  
JUNE 30, 2003**

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

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

Finding Number	2003-CEVSD-001
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures exceeding appropriations in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	Public School Fund	\$ 2,944
Special Revenue	Auxiliary Services	8,191
Special Revenue	Teacher Development	308
Special Revenue	Public School Preschool	37,614
Special Revenue	Disadvantaged Pupil Impact Aid	66,656
Special Revenue	IDEA Part B, Special Education	16,759
Special Revenue	Title I	243,082
Debt Service	Bond Retirement	113,771

With expenditures exceeding appropriations, the District is unlawfully expending monies that have not been appropriated. This could result in unnecessary purchases or fund deficits.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO  
JUNE 30, 2003**

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

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

Finding Number	2003-CEVSD-002
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Ohio Revised Code Section 5705.39 requires that a subdivision’s total appropriations from each fund should not exceed the total estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
General	General	\$4,326
Special Revenue	Management Information System	5,000
Capital Projects	Technology Equity	1,795

With appropriations exceeding estimated resources the District may spend more funds than in the Treasury or process of collection and cause fund deficits.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a regular basis.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO  
JUNE 30, 2003**

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

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

None.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO  
JUNE 30, 2003**

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

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid</b>
2002-45344-001	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	No.	Re-issued as finding number 2003-CEVSD-001.
2002-45344-002	Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed the total estimated resources.	No.	Re-issued as finding number 2003-CEVSD-002.
2002-45344-003	Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.	Yes.	N/A.

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**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**

**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 5, 2004**