



Dave Yost • Auditor of State

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis - For the Fiscal Year Ended June 30, 2010	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis – June 30, 2010.....	9
Statement of Activities – Cash Basis – For the Fiscal Year Ended June 30, 2010	10
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – June 30, 2010.....	11
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds - For the Fiscal Year Ended June 30, 2010.....	12
Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual – Budgetary Basis - General Fund - For the Fiscal Year Ended June 30, 2010....	13
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Funds June 30, 2010	14
Statement of Change in Fiduciary Net Assets – Cash Basis – Fiduciary Fund For the Fiscal Year Ended June 30, 2010	15
Notes to the Basic Financial Statements	17
Management's Discussion and Analysis - For the Fiscal Year Ended June 30, 2009	37
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis – June 30, 2009.....	43
Statement of Activities – Cash Basis – For the Fiscal Year Ended June 30, 2009	44
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – June 30, 2009.....	45
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds - For the Fiscal Year Ended June 30, 2009.....	46
Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual – Budgetary Basis - General Fund - For the Fiscal Year Ended June 30, 2009....	47
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Funds June 30, 2009	48

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Change in Fiduciary Net Assets – Cash Basis – Fiduciary Fund For the Fiscal Year Ended June 30, 2010	49
Notes to the Basic Financial Statements	51
Schedule of Federal Awards Receipts and Disbursements.....	71
Notes to the Schedule of Federal Awards Receipts and Disbursements	72
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i>	73
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance Required by OMB Circular A-133	75
Schedule of Findings.....	77
Schedule of Prior Audit Findings.....	79
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	81



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, (the District), as of and for the fiscal years ended June 30, 2010 and 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, as of June 30, 2010 and 2009 and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund for the fiscal years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The schedule of federal awards receipts and expenditures provides additional information required by the 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 basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 16, 2011

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of the Crestview Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets decreased \$3,189,090 in fiscal year 2010 primarily due to the increase in expenditures for the building project.
- General revenues accounted for \$7,965,862, or 58 percent of all revenues in fiscal year 2010. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,675,491 or 42 percent of total revenues of \$13,641,353 in fiscal year 2010.
- The District's major funds included the General Fund, Local Share Fund, and Ohio School Facilities Commission Fund (OSFC).
- In fiscal year 2010, the General Fund had \$7,976,378 in receipts and other financing sources and \$7,585,220 in disbursements and other financing uses. The fiscal year 2010 the General Fund's balance increased \$391,158 from the prior fiscal year.
- In fiscal year 2010, the Local Share Fund had \$22,246 in revenues and other financing sources and \$1,727,250 in disbursements and other financing uses. The Local Share Fund's balance decreased \$1,705,004 from the prior fiscal year.
- In fiscal year 2010, the OSFC Fund had \$3,617,241 in receipts and \$5,241,468 in disbursements. The OSFC Fund's balance decreased \$1,624,227 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund. The General Fund, Local Share Fund, and OSFC Fund are the District's major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2010. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the District discloses a single type of activity - governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major funds are the General Fund, Local Share Fund, and OSFC Fund.

Governmental Funds - All of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal years 2010 and 2009. The increase in the District's current assets was attributed to the increase in income tax revenue and OSFC grant monies.

**Table 1
Net Assets - Cash Basis
Governmental Activities**

	2010	2009
Assets:		
Current and Other Assets	\$9,449,970	\$12,639,060
Total Assets	<u>9,449,970</u>	<u>12,639,060</u>
Net Assets:		
Restricted	7,691,483	11,279,304
Unrestricted	1,758,487	1,359,756
Total	<u>\$9,449,970</u>	<u>\$12,639,060</u>

Table 2 reflects the changes in net assets for fiscal years 2010 and 2009. The increase in revenues and expenditures was due to the increase in income tax revenue which allowed the increase in expenditures.

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities**

	2010	2009
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$1,135,013	\$1,177,156
Operating Grants and Contributions	965,317	931,568
Capital Grants and Contributions	3,575,161	3,556,002
Total Program Revenues	<u>5,675,491</u>	<u>5,664,726</u>
General Revenues:		
Property Taxes	2,182,211	2,229,586
Income Taxes	840,356	875,688
Grants and Entitlements	4,691,479	4,448,556
Investment Earnings	109,076	323,322
Payments in Lieu of Taxes	112,045	229,004
Gifts and Donations	20,555	67,495
Miscellaneous	1,967	1,603
Sale of Capital Assets	6,175	23,306
Refund of Prior Year Expenditures	1,998	3,152
Total General Revenues	<u>7,965,862</u>	<u>8,201,712</u>
Total Revenues	<u>13,641,353</u>	<u>13,866,438</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities
(Continued)**

	2010	2009
Expenses:		
Instruction	5,397,067	5,469,512
Support Services:		
Pupils	495,693	511,092
Instructional Staff	212,780	226,455
Board of Education	30,346	27,884
Administration	668,349	625,767
Fiscal	225,954	251,834
Operation and Maintenance of Plant	596,632	569,326
Pupil Transportation	425,905	305,311
Central	200,028	193,627
Non-Instructional	468,241	443,097
Extracurricular Activities	430,180	446,782
Capital Outlay	7,065,637	2,344,601
Debt Service		
Principal	152,388	72,406
Interest and Fiscal Charges	461,243	499,079
Refund of Prior Year Receipts		598
Total Expenses	16,830,443	11,987,371
Increase/(Decrease) in Net Assets	(\$3,189,090)	\$1,879,067

Program receipts account for percent of total receipts in fiscal year 2010 and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

For fiscal year 2010 the major program disbursements for governmental activities are for instruction, which accounts for 32 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 7 percent of governmental disbursements in fiscal year 2010. Maintenance of the District's facilities also represents a significant disbursement of 4 percent. Principal and interest payments represent a significant disbursement of 4 percent. The remaining 53 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities, cash basis, reflects the cost of program revenues and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Instruction	\$ 5,397,067	\$ 3,970,070	\$ 5,469,512	\$4,073,902
Support Services:				
Pupils	495,693	476,866	511,092	487,172
Instructional Staff	212,780	210,325	226,455	216,578
Board of Education	30,346	30,346	27,884	27,884
Administration	668,349	668,349	625,767	625,767
Fiscal	225,954	225,954	251,834	251,834
Operation and Maintenance of Plant	596,632	584,429	569,326	564,631
Pupil Transportation	425,905	425,905	305,311	305,311
Central	200,028	200,028	193,627	193,627
Non-Instructional	468,241	26,214	443,097	5,358
Extracurricular Activities	430,180	232,359	446,782	209,899
Capital Outlay	7,065,637	3,490,476	2,344,601	(1,211,401)
Debt Service				
Principal	152,388	152,388	72,406	72,406
Interest and Fiscal Charges	461,243	461,243	499,079	499,079
Refund of Prior Receipts			598	598
Total Expenses	<u>\$16,830,443</u>	<u>\$11,154,952</u>	<u>\$11,987,371</u>	<u>\$6,322,645</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 73 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 66 percent. The remaining 34 percent are derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major government funds are the General Fund, Local Share Fund, and OSFC Fund. Total governmental funds had receipts and other financing sources of \$13,746,436 and disbursements and other financing uses of \$16,935,526. The net negative change of \$3,189,090 in fund balance for the year indicates that the District had some difficulty in meeting current costs along with expenditures for the building project.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2010, the District amended its General Fund budget as needed. Final expenditures and other financing uses were budgeted at \$7,651,270 while actual were \$7,586,070.

Debt Administration

At June 30, 2010, the District had \$5,045,000 in Ohio School Facilities Commission serial and term bonds and \$139,998 in capital appreciation bonds. The bonds mature in fiscal years 2009 through 2036. There were also capital appreciation bonds in the amount of \$45,252 from the 1993 advanced refunding of the 1988 bond issue. The bonds are retired from the Bond Retirement Debt Service Fund.

For further information regarding the District's debt, see the note 12 to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Current Issues

The District's residents renewed an existing 5 mill operating levy on November 8, 2005 and renewed an Emergency Levy in November 2006. The District's residents passed a \$5,330,000 bond issue in November 2007 (approximately 4.6 mills) for a renovation project with the Ohio School Facilities Commission for a total of \$14,000,000.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Laura Metzger, Treasurer, Crestview Local School District, 531 E. Tully St., Convoy, OH 45832.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2010**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$9,449,970
Total Assets	<u>9,449,970</u>
Net Assets:	
Restricted for:	
Debt Service	629,812
Capital Outlay	6,473,463
Other Purposes	588,208
Unrestricted	<u>1,758,487</u>
Total Net Assets	<u><u>\$9,449,970</u></u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Program Revenues</u>			<u>Net(Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$3,701,091	\$624,501	\$130,639	(\$2,945,951)
Special	985,670		636,709	(348,961)
Vocational	189,787		35,148	(154,639)
Student Intervention Services	493,925			(493,925)
Other	26,594			(26,594)
Support Services:				
Pupils	495,693	14,827	4,000	(476,866)
Instructional Staff	212,780		2,455	(210,325)
Board of Education	30,346			(30,346)
Administration	668,349			(668,349)
Fiscal	225,954			(225,954)
Operation and Maintenance of Plant	596,632	7,801	4,402	(584,429)
Pupil Transportation	425,905			(425,905)
Central	200,028			(200,028)
Operation of Non-Instructional Services	468,241	290,063	151,964	(26,214)
Extracurricular Activities	430,180	197,821		(232,359)
Capital Outlay	7,065,637			(3,490,476)
			\$3,575,161	
Debt Service:				
Principal	152,388			(152,388)
Interest and Fiscal Charges	461,243			(461,243)
Totals	<u>\$16,830,443</u>	<u>\$1,135,013</u>	<u>\$965,317</u>	<u>\$3,575,161</u>
				<u>(11,154,952)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				1,743,695
Property Taxes, Levied for Capital Outlay				123,264
Property Taxes, Levied for Debt Service				284,403
Property Taxes, Levied for School Facilities				30,849
Payments in Lieu of Taxes				112,045
Income Taxes				840,356
Grants and Entitlements not Restricted to Specific Programs				4,691,479
Gifts and Donations				20,555
Investment Earnings				109,076
Miscellaneous				1,967
Refund of Prior Year Expenditures				1,998
Proceeds from Sale of Capital Assets				6,175
Total General Revenues				<u>7,965,862</u>
Change in Net Assets				<u>(3,189,090)</u>
Net Assets Beginning of Year				<u>12,639,060</u>
Net Assets End of Year				<u>\$9,449,970</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General Fund</u>	<u>Local Share Fund</u>	<u>OSFC FUND</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,758,487	\$1,594,787	\$4,539,785	\$1,556,911	\$9,449,970
Total Assets	<u>1,758,487</u>	<u>1,594,787</u>	<u>4,539,785</u>	<u>1,556,911</u>	<u>9,449,970</u>
Fund Balances:					
Reserved for Encumbrances	850	845,854	3,208,708	25	4,055,437
Unreserved, Undesignated, Reported in:					
General Fund	1,757,637				1,757,637
Special Revenue Funds				588,183	588,183
Debt Service Funds				629,812	629,812
Capital Projects Funds		748,933	1,331,077	338,891	2,418,901
Total Fund Balances	<u>1,758,487</u>	<u>1,594,787</u>	<u>4,539,785</u>	<u>1,556,911</u>	<u>9,449,970</u>
Total Liabilities and Fund Balances	<u>\$1,758,487</u>	<u>\$1,594,787</u>	<u>\$4,539,785</u>	<u>\$1,556,911</u>	<u>\$9,449,970</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Local Share Fund</u>	<u>OSFC FUND</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property and Other Local Taxes	\$1,743,695			\$438,516	\$2,182,211
Income Tax	840,356				840,356
Intergovernmental	4,629,156		\$3,575,161	1,027,640	9,231,957
Interest	46,738	\$19,911	42,080	347	109,076
Tuition and Fees	590,275			18,189	608,464
Rent	7,801				7,801
Extracurricular Activities				276,127	276,127
Gifts and Donations				20,555	20,555
Sales/Charges for Services				242,621	242,621
Payments in Lieu of Taxes	112,045				112,045
Miscellaneous		1,083		884	1,967
Total Revenues	<u>7,970,066</u>	<u>20,994</u>	<u>3,617,241</u>	<u>2,024,879</u>	<u>13,633,180</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,476,298			224,793	3,701,091
Special	471,766			513,904	985,670
Vocational	189,787				189,787
Student Intervention Services	493,925				493,925
Other	24,896			1,698	26,594
Support Services:					
Pupils	426,541			69,152	495,693
Instructional Staff	210,241			2,539	212,780
Board of Education	30,346				30,346
Administration	668,349				668,349
Fiscal	212,185			13,769	225,954
Operation and Maintenance of Plant	528,911			67,721	596,632
Pupil Transportation	343,477			82,428	425,905
Central	200,028				200,028
Operation of Non-Instructional Services				468,241	468,241
Extracurricular Activities	203,387			226,793	430,180
Capital Outlay		1,727,250	5,241,468	96,919	7,065,637
Debt Service:					
Principal				152,388	152,388
Interest				461,243	461,243
Total Expenditures	<u>7,480,137</u>	<u>1,727,250</u>	<u>5,241,468</u>	<u>2,381,588</u>	<u>16,830,443</u>
Excess of Revenues Over (Under) Expenditures	<u>489,929</u>	<u>(1,706,256)</u>	<u>(1,624,227)</u>	<u>(356,709)</u>	<u>(3,197,263)</u>
Other Financing Sources and Uses:					
Transfers In				102,888	102,888
Advances In				2,195	2,195
Proceeds from Sale of Capital Assets	6,175				6,175
Refund of Prior Year Expenditures	137	1,252		609	1,998
Transfers Out	(102,888)				(102,888)
Advances Out	(2,195)				(2,195)
Total Other Financing Sources and Uses	<u>(98,771)</u>	<u>1,252</u>		<u>105,692</u>	<u>8,173</u>
Net Change in Fund Balances	391,158	(1,705,004)	(1,624,227)	(251,017)	(3,189,090)
Fund Balance (Deficit) at Beginning of Year	1,367,329	3,299,791	6,164,012	1,807,928	12,639,060
Fund Balance (Deficit) at End of Year	<u>\$1,758,487</u>	<u>\$1,594,787</u>	<u>\$4,539,785</u>	<u>\$1,556,911</u>	<u>\$9,449,970</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property and Other Local Taxes	\$1,751,900	\$1,743,900	\$1,743,695	(\$205)
Income Tax	860,000	840,000	840,356	356
Intergovernmental	4,568,000	4,605,492	4,629,156	23,664
Interest	60,000	60,000	46,738	(13,262)
Tuition and Fees	553,500	572,500	590,275	17,775
Rent	850	850	7,801	6,951
Payments in Lieu of Taxes	115,000	112,045	112,045	
Total Revenues	<u>7,909,250</u>	<u>7,934,787</u>	<u>7,970,066</u>	<u>35,279</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,373,167	3,361,284	3,476,298	(115,014)
Special	578,131	552,832	471,766	81,066
Vocational	190,124	190,124	189,787	337
Student Intervention Services	475,500	481,500	493,925	(12,425)
Other	32,000	32,000	24,896	7,104
Support Services:				
Pupils	495,202	503,292	427,391	75,901
Instructional Staff	206,050	218,059	210,241	7,818
Board of Education	31,450	31,450	30,346	1,104
Administration	657,483	661,983	668,349	(6,366)
Fiscal	217,371	220,371	212,185	8,186
Operation and Maintenance of Plant	546,704	552,327	528,911	23,416
Pupil Transportation	327,984	327,984	343,477	(15,493)
Central	197,866	198,826	200,028	(1,202)
Extracurricular Activities	214,155	214,155	203,387	10,768
Total Expenditures	<u>7,543,187</u>	<u>7,546,187</u>	<u>7,480,987</u>	<u>65,200</u>
Excess of Revenues Over (Under) Expenditures	<u>366,063</u>	<u>388,600</u>	<u>489,079</u>	<u>100,479</u>
Other Financing Sources and Uses:				
Proceeds from Sale of Capital Assets		700	6,175	5,475
Refund of Prior Year Expenditures			137	137
Transfers Out		(102,888)	(102,888)	
Advances Out		(2,195)	(2,195)	
Total Other Financing Sources and Uses		<u>(104,383)</u>	<u>(98,771)</u>	<u>5,612</u>
Net Change in Fund Balances	366,063	284,217	390,308	106,091
Fund Balance (Deficit) at Beginning of Year	1,365,316	1,365,316	1,365,316	
Prior Year Encumbrances Appropriated	2,013	2,013	2,013	
Fund Balance (Deficit) at End of Year	<u>\$1,733,392</u>	<u>\$1,651,546</u>	<u>\$1,757,637</u>	<u>\$106,091</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
June 30, 2010**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$3,845	\$21,966
Total Assets	<u>3,845</u>	<u>21,966</u>
 Net Assets:		
Unrestricted		21,966
Held in Trust for Scholarships	3,845	
Total Net Assets	<u>\$3,845</u>	<u>\$21,966</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Private Purpose Trust</u>
Additions:	
Gifts/Donations	\$2,500
Total Additions	<u>2,500</u>
Deductions:	
Payments in Accordance with Trust Agreements	1,500
Total Deductions	<u>1,500</u>
Change in Net Assets	1,000
Net Assets Beginning of Year	<u>2,845</u>
Net Assets End of Year	<u><u>\$3,845</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District is located in a prosperous community within Van Wert County, consisting of residences and significant office and retail commercial development. The District is staffed by 40 non-certificated employees and 73 certificated employees who provide services to 955 students and other community members.

A. Reporting Entity

The 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. 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. The District does not have any component units.

The District is associated with five organizations, which are defined as jointly governed organizations, and insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Van Wert Area School Insurance Group. These organizations are presented in Notes 14 and 15 of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A and 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Governmental Funds:

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major funds are the General Fund, the Local Share Fund, and the Ohio School Facilities Commission (OSFC) Fund.

General Fund - The General Fund 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 and transferred according to the general laws of Ohio.

Local Share Fund – The Local Share Fund is used to account for the revenues and expenditures related to the local share of expenditures for the new construction.

Ohio School Facilities Commission (OSFC) Fund – The OSFC Fund is used to account for revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund, function, object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the object level within the General Fund, and at the function and object level within all other funds are made by the District Treasurer.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2010, the District's investments included only nonnegotiable certificates of deposit, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, and Federal Home Loan Mortgage Corporation Bonds.

Following Ohio Statutes, the Board of Education has by resolution specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 was \$46,738 which included \$24,171 assigned to other District Funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets include revenues restricted for debt service, capital outlay and other purposes.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

I. Long-term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for post retirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net assets restricted for debt service, capital outlay, and other purposes which include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation at June 30, 2010.

L. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances.

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – (Budget Basis) presented for the General Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis).

The adjustments necessary to reconcile the cash and budget basis statements for the General Fund are as follows:

Difference in Fund Balance	
Cash Basis	\$1,758,487
Increase/Decrease Due To:	
Encumbrances Outstanding at Fiscal Year End	(850)
Budget Basis	\$1,757,637

5. DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

A. Cash on Hand

As of June 30, 2010, the District had \$1,600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial risk beyond the requirements of State statute. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2010, the carrying amount of the District's deposits was \$7,171,844 and the bank balance was \$7,680,779. Of the bank balance, \$1,000,000 was covered by federal depository insurance (FDIC), \$1,461,441 was covered by Securities Investor Protection Corporation (SIPC) and \$5,219,338 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name.

C. Investments

As of June 30, 2010, the District had invested \$1,000,000 in Federal Home Loan Bank Bonds (FHLB), \$300,657 in Federal National Mortgage Association Bonds, and \$1,001,680 in Federal Home Loan Mortgage Corporation Bonds (FHLMC) with maturity dates within two years.

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M) (2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the Treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from custodian by the treasurer, governing board, or qualified trustee."

The Federal Home Loan Bank Bonds and the Federal Home Loan Mortgage Corporation Bonds carry a rating of Aaa by both Moody's and AAA by Standard and Poor's.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, and the Federal Home Loan Mortgage Corporation Bonds represent 11 percent, 3 percent, and 11 percent, respectively of the District's investment portfolio.

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the District operates on a fiscal year from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following year fiscal year.

Property taxes include amounts levied against all real, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually. If paid annually, first payment is due December 31; if paid semiannually, the payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes. Tangible personal property taxes received in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2010 is zero.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

6. PROPERTY TAXES (Continued)

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

The District receives property taxes from Van Wert County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and other Real Estate	\$78,042,170	92.6%	\$78,321,870	92.4%
Public Utilities	6,244,490	7.4%	6,391,910	7.5%
General	25,760	0.0%	86,430	0.1%
Total Assessed Value	<u>\$84,312,420</u>	<u>100%</u>	<u>\$84,800,210</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$46.30		\$46.30	

7. INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax levy was effective on January 1, 2010, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

8. PAYMENT IN LIEU OF TAXES

According to State law, the District has entered into agreements with a number of property owners under which the District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2010 were \$112,045.

9. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2010, the District carried property and general liability insurance and boiler and machinery insurance. Professional liability is protected with \$1,000,000 each occurrence, \$2,000,000 in annual aggregate limit. Vehicles are covered by Netherlands Insurance Company. Automobile liability has a \$1,000,000 combined single limit of liability. In addition, there is a \$3,000,000 excess liability policy, which provides additional liability coverage to both the general liability policy and the auto policy.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. RISK MANAGEMENT (Continued)

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

The Treasurer's position bond, Superintendent's and Board Members' bonds are provided by Travelers Casualty and Surety Company.

B. Health Care Benefits

The District participates in the Van Wert Area School Insurance Group (VWASIG), a public entity shared risk pool consisting of five members (See Note 15). Each member pays premiums to VWASIG for employee medical, dental, and life insurance benefits to the employees of the participants. VWASIG is responsible for the payment of all the VWASIG liabilities to its employees, dependants, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of VWASIG, all members' claims would be paid without regard to the member's account balance.

C. Workers' Compensation

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

10. DEFINED BENEFIT PENSION PLAN

A. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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 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 members lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

The Combined Plan offers features of both the DB Plan and the DC 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority of member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$517,291, \$511,810, and \$494,342 respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$5,069 made by the District and \$22,632 made by plan members.

B. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employee Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent 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 by the SERS' Retirement Board, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$134,060, \$92,220, and \$92,215 respectively; 51 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, one member of the Board of Education has selected Social Security. The contribution rate is 6.2 percent of wages.

11. POST-EMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund.

The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$39,792, \$39,693, and \$38,337 respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program.

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$15,841.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$4,825, \$42,204, and \$42,081 respectively; 51 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$7,972, \$7,609 and \$6,644, respectively; 51 percent has been contributed for fiscal year 2010 and 100 percent for fiscal year 2009 and 2008.

12. LONG TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2010 were as follows:

<u>General Long-Term Debt</u>	<u>Interest Rate</u>	<u>Balance at 6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/10</u>	<u>Due within One Year</u>
General Obligation Bonds						
1993 School Improvement						
Capital Appreciation	5.7 to 5.85%	\$ 82,640		\$ 37,388	\$ 45,252	\$ 31,645
Accretion		603,218	\$37,910	257,612	383,516	263,355
2008 School Improvement						
Term	4.0 to 4.25%	4,405,000			4,405,000	
Serial	3.0 to 3.625%	755,000		115,000	640,000	120,000
Capital Appreciation	3.75 to 4.01%					
Original Issue		139,998			139,998	
Accretion		2,444	36,516		38,960	
Premium on Capital Appreciation		182,420		6,081	176,339	
Total General Long-Term Debt		<u>\$6,170,720</u>	<u>\$74,426</u>	<u>\$416,081</u>	<u>\$5,829,065</u>	<u>\$415,000</u>

1993 General Obligation Bonds - On July 1, 1993, the District issued bonds to refund \$2,600,000 School Improvement Bonds Dated December 1, 1988 which were outstanding in the principal amounts of \$2,360,000 and \$665,000 in School Improvement Bonds dated October 1, 1991 which were outstanding in the principal amount of \$640,000. The bond issue included current interest bonds and capital appreciation bonds in the amount of \$2,790,000 and \$209,832, respectively. The current interest bonds were paid in full as of June 30, 2006. The remaining capital appreciation bonds will mature in fiscal years 2009 through 2014. The maturity amounts of the bonds are \$295,000 for fiscal year 2009, \$295,000 for fiscal year 2010, \$295,000 for fiscal year 2011, \$50,000 for fiscal year 2012, \$50,000 for fiscal year 2013, and \$50,000 for fiscal year 2014. The capital appreciation bonds bear an interest rate of 5.70 percent to 5.85 percent. Capital appreciation bonds are not subject to redemption prior to maturity.

School Facility Construction and Improvement Bonds, Series 2008 – On March 20, 2009, the District issued \$5,329,998 in voted general obligation bonds for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program, together with the land acquisition and other improvements to school facilities, equipment, site improvements, and all necessary appurtenances thereto. The bonds consist of \$785,000 in serial bonds, \$4,405,000 in term bonds and \$139,998 capital appreciation bonds. The capital appreciation bonds were sold at a premium of \$182,420. The bonds will be retired from the Bond Retirement Fund from a voted tax levy.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

The Bonds are issuable as Bonds which pay interest semiannually (the "Current Interest Bonds") and as Bonds which do not pay interest currently but accrete in value in lieu thereof until their maturity date (the "Capital Appreciation Bonds"). The Bonds will be dated, mature, and bear interest or, in the case of the Capital Appreciation Bonds, accrete in value, all as more particularly described herein.

A. The Current Interest Bonds

The Current Interest Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Annual principal, and any premium, on all Current Interest Bonds are payable upon presentation and surrender by the registered owner thereof at the principal office of the Registrar. Semiannual interest on the Current Interest Bonds is payable each June 1 and December 1, commencing December 1, 2008, by check or draft to be mailed by the Paying Agent and Registrar to the registered owner as shown in the registration records maintained by the Paying Agent and Registrar as bond registrar on the 15th day of the month preceding such interest payment date.

The Current Interest Bonds (Serial Bonds) shall bear interest at the respective rates per annum shall be as follows:

Maturity Date (December 1)	Principal Amount Maturing	Interest Rate
2010	\$115,000	3.000%
2011	120,000	3.250%
2012	130,000	3.500%
2013	135,000	3.500%
2014	140,000	3.625%

The Current Interest Bonds (Term Bonds) shall bear interest at the respective rates per annum shall be as follows:

Maturity Date (December 1)	Principal Amount Maturing	Interest Rate
2020	\$490,000	4.000%
2022	375,000	4.000%
2025	630,000	4.000%
2028	730,000	4.000%
2032	1,155,000	4.125%
2035	1,025,000	4.250%

B. The Capital Appreciation Bonds

The Capital Appreciation Bonds will be dated their date of issuance. The Capital Appreciation Bonds do not bear current interest, but will accrete in value from their date of issuance. The accreted value so accrued and compounded shall be the Compound Accreted Amount. Payment of the Compound Accreted Amount shall be made upon presentation and surrender thereof at the principal office of the Paying Agent and Registrar. The Compound Accreted Amount of the Capital Appreciation Bonds as of each Compound Date is set forth in the Accretion Table provided below.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
2015	\$53,085	\$150,000
2016	46,385	150,000
2017	40,528	150,000

C. Mandatory Sinking Fund Redemption

The Current Interest Bonds due December 1, 2020 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2018, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2018	\$155,000
2019	165,000

Unless otherwise called for redemption, the remaining \$170,000 principal amount of the Bonds due December 1, 2020 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2021, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$185,000

Unless otherwise called for redemption, the remaining \$190,000 principal amount of the Bonds due December 1, 2022 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2025 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2023, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$200,000
2024	210,000

Unless otherwise called for redemption, the remaining \$220,000 principal amount of the Bonds due December 1, 2025 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2028 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2026, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$230,000
2027	245,000

Unless otherwise called for redemption, the remaining \$255,000 principal amount of the Bonds due December 1, 2028 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2032 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2029, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2029	\$265,000
2030	285,000
2031	295,000

Unless otherwise called for redemption, the remaining \$310,000 principal amount of the Bonds due December 1, 2032 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2035 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2033, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2033	\$330,000
2034	340,000

Unless otherwise called for redemption, the remaining \$355,000 principal amount of the Bonds due December 1, 2035 is to be paid at stated maturity.

D. Optional Redemption

The Current Interest Bonds maturing on December 1, 2018 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2018 at par, which is 100% of the face value of the Current Interest Bonds. The Capital Appreciation Bonds are not subject to redemption prior to scheduled maturity.

The annual requirements to service the principal and interest of the serial and term bonds to maturity are as follows:

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 115,000	\$ 200,181	\$ 315,181
2012	120,000	196,506	316,506
2013	130,000	192,282	322,282
2014	135,000	187,644	322,644
2015	140,000	182,744	322,744
2016 – 2020	320,000	1,198,433	1,518,433
2021 – 2025	955,000	745,331	1,700,331
2026 – 2030	1,215,000	528,966	1,743,966
2031 – 2035	1,560,000	245,650	1,805,650
2036	355,000	7,544	362,544
Total	<u>\$5,045,000</u>	<u>\$3,685,281</u>	<u>\$8,730,281</u>

The annual requirements to service the principal and interest of the 1993 issue of Capital Appreciation bonds to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$31,645	\$263,355	\$295,000
2012	5,371	44,629	50,000
2013	4,758	45,242	50,000
2014	3,478	46,522	50,000
Total	<u>\$45,252</u>	<u>\$399,748</u>	<u>\$445,000</u>

The annual requirements to service the principal and interest of the 2008 issue of Capital Appreciation bonds to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 53,085	\$ 96,915	\$150,000
2017	46,385	103,615	150,000
2018	40,528	109,472	150,000
Total	<u>\$139,998</u>	<u>\$310,002</u>	<u>\$450,000</u>

At June 30, 2010, the District's overall legal debt margin was \$2,432,766, with an un-voted debt margin of \$84,800.

13. SET ASIDE DISCLOSURE

As stated in House Bill 412, revised in Senate Bill 345, school districts are required to maintain two reserves - one for capital acquisition and maintenance, and one for textbooks and other instructional materials. A reserve represents resources whose use is limited because of contractual or statutory restrictions. The following cash basis information describes the change in the year-end set-aside amounts. Disclosure of this information is required by State statute.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. SET ASIDE DISCLOSURE (Continued)

	Textbooks	Capital Acquisition
Set-aside Reserve Balance June 30, 2009		
Current Year Set-aside Requirement	\$149,373	\$149,373
Current Year Qualifying Expenditures	(109,377)	
Excess Qualifying Expenditures from Prior Years	(10,910)	
Current Year Offsets		(149,373)
Total	29,086	
Balance Carried Forward to Fiscal Year 2011	29,086	
Set Aside Reserve Balance June 30, 2010	\$ 29,086	\$ 0

Although the District had offsets and qualifying expenditures during the current and prior years that reduced the set-aside amounts to below zero, these extra amounts for textbooks only may be used to reduce the set-aside requirements of future years. The district issued bonds for the construction of a new facility related to the Ohio School Facilities Program. This amount may also be carried forward and used to reduce the set-aside amount for future years.

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Mary's and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Raymond Burden, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Career Center

The Vantage Career Center is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority.

Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

15. INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Van Wert Area School Insurance Group (VWASIG)

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, who serves as fiscal agent, 641 North Jefferson Street, Van Wert, Ohio 45891.

16. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The discussion and analysis of the Crestview Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets increased \$1,879,067 in fiscal year 2009 primarily as a result of an increase in intergovernmental revenue for the building project
- General revenues accounted for \$8,201,712, or 59 percent of all revenues in fiscal year 2009. Program specific revenues in the form of charges for services, operating grants, capital grants, and contributions accounted for \$5,664,726 or 41 percent of total revenues of \$13,866,438 in fiscal year 2009.
- The District's major funds included the General Fund, Local Share Fund, and Ohio School Facilities Commission Fund (OSFC).
- In fiscal year 2009, the General Fund had \$8,390,439 in receipts and other financing sources and \$8,322,821 in disbursements and other financing uses. The fiscal year 2009 the General Fund's balance increased \$67,618 from the prior fiscal year.
- In fiscal year 2009, the Local Share Fund had \$1,136,236 in revenues and other financing sources and \$298,297 in disbursements and other financing uses. The Local Share Fund's balance increased \$837,939 from the prior fiscal year.
- In fiscal year 2009, the OSFC Fund had \$3,675,903 in receipts and \$2,967,979 in disbursements and other financing uses. The OSFC Fund's balance increased \$707,924 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund. The General Fund, Local Share Fund, and OSFC Fund are the District's major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2009. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the District discloses a single type of activity - governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major funds are the General Fund, Local Share Fund, and OSFC Fund.

Governmental Funds – All of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal years 2009 and 2008. The increase in the District's current assets was attributed to the increase in income tax revenue and OSFC grant monies.

**Table 1
Net Assets - Cash Basis
Governmental Activities**

	<u>2009</u>	<u>2008</u>
Assets:		
Current and Other Assets	\$12,639,060	\$10,759,993
Total Assets	<u>12,639,060</u>	<u>10,759,993</u>
Net Assets:		
Restricted	11,279,304	9,463,482
Unrestricted	1,359,756	1,296,511
Total	<u>\$12,639,060</u>	<u>\$10,759,993</u>

Table 2 reflects the changes in net assets for fiscal years 2009 and 2008. The increase in revenues and expenditures was due to the increase in income tax revenue which allowed the increase in expenditures.

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities**

	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$1,177,156	\$ 888,317
Operating Grants and Contributions	931,568	923,931
Capital Grants and Contributions	3,556,002	2,009,214
Total Program Revenues	<u>5,664,726</u>	<u>3,821,462</u>
General Revenues:		
Property Taxes	2,229,586	2,121,182
Income Taxes	875,688	923,323
Grants and Entitlements	4,448,556	4,679,546
Investment Earnings	323,322	244,283
Payments in Lieu of Taxes	229,004	369,086
Gifts and Donations	67,495	
Miscellaneous	1,603	32,334
Sale of Capital Assets	23,306	
Proceeds of Notes		5,330,000
Premium on Notes Issued		21,800
Proceeds of Bonds		5,329,998
Premium on Bonds Issued		177,774
Refund of Prior Year Expenditures	3,152	1,008
Total General Revenues	<u>8,201,712</u>	<u>19,230,334</u>
Total Revenues	<u>13,866,438</u>	<u>23,051,796</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities
(Continued)**

	2009	2008
Expenses:		
Instruction	5,469,512	5,374,439
Support Services:		
Pupils	511,092	529,823
Instructional Staff	226,455	243,698
Board of Education	27,884	28,000
Administration	625,767	691,218
Fiscal	251,834	228,306
Operation and Maintenance of Plant	569,326	648,272
Pupil Transportation	305,311	376,221
Central	193,627	145,799
Non-Instructional	443,097	473,764
Extracurricular Activities	446,782	441,745
Capital Outlay	2,344,601	421,307
Debt Service		
Principal	72,406	5,458,195
Interest and Fiscal Charges	499,079	263,353
Issuance Costs		151,492
Refund of Prior Year Receipts	598	
Total Expenses	<u>11,987,371</u>	<u>15,475,632</u>
Increase in Net Assets	<u>\$1,879,067</u>	<u>\$7,576,164</u>

Program receipts account for 41 percent of total receipts in fiscal year 2009 and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

For fiscal year 2009 the major program disbursements for governmental activities are for instruction, which accounts for 46 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 9 percent of governmental disbursements in fiscal year 2009. Maintenance of the District's facilities also represents a significant disbursement of 5 percent. Principal and interest payments represent a significant disbursement of 5 percent. The remaining 35 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities, cash basis, reflects the cost of program revenues and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Instruction	\$ 5,469,512	\$4,073,902	\$5,374,439	\$4,300,924
Support Services:				
Pupils	511,092	487,172	529,823	523,526
Instructional Staff	226,455	216,578	243,698	233,944
Board of Education	27,884	27,884	28,000	28,000
Administration	625,767	625,767	691,218	691,218
Fiscal	251,834	251,834	228,306	228,306
Operation and Maintenance of Plant	569,326	564,631	648,272	648,272
Pupil Transportation	305,311	305,311	376,221	369,841
Central	193,627	193,627	145,799	145,799
Non-Instructional	443,097	5,358	473,764	48,348
Extracurricular Activities	446,782	209,899	441,745	145,634
Capital Outlay	2,344,601	(1,211,401)	421,307	(1,582,682)
Debt Service				
Principal	72,406	72,406	5,458,195	5,458,195
Interest and Fiscal Charges	499,079	499,079	263,353	263,353
Issuance Costs			151,492	151,492
Refund of Prior Receipts	598	598		
Total Expenses	<u>\$11,987,371</u>	<u>\$6,322,645</u>	<u>\$15,475,632</u>	<u>\$11,654,170</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 74 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 53 percent. The remaining 47 percent are derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major government funds are the General Fund, Local Share Fund, and OSFC Fund. Total governmental funds had receipts and other financing sources of \$13,866,438 and disbursements and other financing sources of \$11,987,371. The net positive change of \$1,879,067 in fund balance for the year indicates that the District was able to meet current costs.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2009, the District amended its General Fund budget as needed. Final expenditures including other financing uses were budgeted at \$8,437,552 while actual were \$8,324,834.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Debt Administration

At June 30, 2009, the District had \$5,160,000 in Ohio School Facilities Commission serial and term bonds and \$139,998 in capital appreciation bonds. The bonds mature in fiscal years 2009 through 2036. There were also capital appreciation bonds in the amount of \$82,640 from the 1993 advanced refunding of the 1988 bond issue. The bonds are retired from the Bond Retirement Debt Service Fund.

For further information regarding the District's debt, see the note 12 to the basic financial statements.

Current Issues

The District's residents renewed an existing 5 mill operating levy on November 8, 2005 and renewed an Emergency Levy in November 2006. The District's residents passed a \$5,330,000 bond issue in November 2007 (approximately 4.6 mills) for a renovation project with the Ohio School Facilities Commission for a total of \$14,000,000.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Laura Metzger, Treasurer, Crestview Local School District, 531 E. Tully St., Convoy, OH 45832.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2009**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$12,639,060</u>
Total Assets	<u>12,639,060</u>
Net Assets:	
Restricted for:	
Bus Purchase	7,573
Debt Service	921,714
Capital Projects	9,760,503
Other Purposes	589,514
Unrestricted	<u>1,359,756</u>
Total Net Assets	<u>\$12,639,060</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
				Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$3,813,209	\$596,948	\$124,810	(\$3,091,451)
Special	979,807		638,966	(340,841)
Vocational	186,957		34,886	(152,071)
Student Intervention Services	458,286			(458,286)
Other	31,253			(31,253)
Support Services:				
Pupils	511,092	17,457	6,463	(487,172)
Instructional Staff	226,455		9,877	(216,578)
Board of Education	27,884			(27,884)
Administration	625,767			(625,767)
Fiscal	251,834			(251,834)
Operation and Maintenance of Plant	569,326	4,695		(564,631)
Pupil Transportation	305,311			(305,311)
Central	193,627			(193,627)
Operation of Non-Instructional Services	443,097	321,173	116,566	(5,358)
Extracurricular Activities	446,782	236,883		(209,899)
Capital Outlay	2,344,601			1,211,401
			\$3,556,002	
Debt Service:				
Principal	72,406			(72,406)
Interest and Fiscal Charges	499,079			(499,079)
Refund of Prior Year Receipts	598			(598)
Totals	\$11,987,371	\$1,177,156	\$931,568	\$3,556,002
				(6,322,645)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	1,775,604
Property Taxes, Levied for Capital Outlay	126,612
Property Taxes, Levied for Debt Service	295,683
Property Taxes, Levied for School Facilities	31,687
Payments in Lieu of Taxes	229,004
Income Taxes	875,688
Grants and Entitlements not Restricted to Specific Programs	4,448,556
Gifts and Donations	67,495
Investment Earnings	323,322
Miscellaneous	1,603
Refund of Prior Year Expenditures	3,152
Proceeds from Sale of Capital Assets	23,306
Total General Revenues	8,201,712
Change in Net Assets	1,879,067
Net Assets Beginning of Year	10,759,993
Net Assets End of Year	\$12,639,060

See Accompanying Notes to the Basic Financial Statements.

CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General Fund</u>	<u>Local Share Fund</u>	<u>OSFC FUND</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,367,329	\$3,299,791	\$6,164,012	\$1,807,928	\$12,639,060
Total Assets	<u>1,367,329</u>	<u>3,299,791</u>	<u>6,164,012</u>	<u>1,807,928</u>	<u>12,639,060</u>
Fund Balances:					
Reserved for Encumbrances	2,013	50,775	1,239,376	2,257	1,294,421
Reserved for Bus Purchase	7,573				7,573
Unreserved, Undesignated, Reported in:					
General Fund	1,357,743				1,357,743
Special Revenue Funds				587,257	587,257
Debt Service Funds				921,714	921,714
Capital Projects Funds		3,249,016	4,924,636	296,700	8,470,352
Total Fund Balances	<u>\$1,367,329</u>	<u>\$3,299,791</u>	<u>\$6,164,012</u>	<u>\$1,807,928</u>	<u>\$12,639,060</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Local Share Fund</u>	<u>OSFC FUND</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property and Other Local Taxes	\$1,775,604			\$453,982	\$2,229,586
Income Tax	875,688				875,688
Intergovernmental	4,844,516		\$3,556,002	535,607	8,936,125
Interest	72,416	\$130,483	119,901	522	323,322
Tuition and Fees	562,161			16,136	578,297
Rent	4,695				4,695
Extracurricular Activities				310,347	310,347
Gifts and Donations		25,000		42,495	67,495
Sales/Charges for Services				283,818	283,818
Payments in Lieu of Taxes	229,004				229,004
Miscellaneous				1,603	1,603
Total Revenues	<u>8,364,084</u>	<u>155,483</u>	<u>3,675,903</u>	<u>1,644,510</u>	<u>13,839,980</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,716,390			96,819	3,813,209
Special	745,955			233,852	979,807
Vocational	186,957				186,957
Student Intervention Services	458,286				458,286
Other	31,253				31,253
Support Services:					
Pupils	487,547			23,545	511,092
Instructional Staff	217,176			9,279	226,455
Board of Education	27,884				27,884
Administration	625,767				625,767
Fiscal	237,217			14,617	251,834
Operation and Maintenance of Plant	540,953			28,373	569,326
Pupil Transportation	305,311				305,311
Central	193,627				193,627
Operation of Non-Instructional Services				443,097	443,097
Extracurricular Activities	199,204			247,578	446,782
Capital Outlay	198,696	298,297	1,837,226	10,382	2,344,601
Debt Service:					
Principal				72,406	72,406
Interest				499,079	499,079
Total Expenditures	<u>8,172,223</u>	<u>298,297</u>	<u>1,837,226</u>	<u>1,679,027</u>	<u>11,986,773</u>
Excess of Revenues Over (Under) Expenditures	<u>191,861</u>	<u>(142,814)</u>	<u>1,838,677</u>	<u>(34,517)</u>	<u>1,853,207</u>
Other Financing Sources and Uses:					
Transfers In				150,000	150,000
Proceeds from Sale of Capital Assets	23,306				23,306
Reallocation of Local Share		980,753	(1,130,753)	150,000	
Refund of Prior Year Expenditures	3,049			103	3,152
Transfers Out	(150,000)				(150,000)
Refund of Prior Year Receipts	(598)				(598)
Total Other Financing Sources and Uses	<u>(124,243)</u>	<u>980,753</u>	<u>(1,130,753)</u>	<u>300,103</u>	<u>25,860</u>
Net Change in Fund Balances	<u>67,618</u>	<u>837,939</u>	<u>707,924</u>	<u>265,586</u>	<u>1,879,067</u>
Fund Balance (Deficit) at Beginning of Year	1,299,711	2,461,852	5,456,088	1,542,342	10,759,993
Fund Balance (Deficit) at End of Year	<u>\$1,367,329</u>	<u>\$3,299,791</u>	<u>\$6,164,012</u>	<u>\$1,807,928</u>	<u>\$12,639,060</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property and Other Local Taxes	\$1,677,500	\$1,776,500	\$1,775,604	(\$896)
Income Tax	850,000	875,000	875,688	688
Intergovernmental	4,694,500	4,841,568	4,844,516	2,948
Interest	145,000	80,000	72,416	(7,584)
Tuition and Fees	530,000	563,000	562,161	(839)
Rent		950	4,695	3,745
Payments in Lieu of Taxes	119,659	229,004	229,004	
Total Revenues	<u>8,016,659</u>	<u>8,366,022</u>	<u>8,364,084</u>	<u>(1,938)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,767,760	3,733,570	3,717,248	16,322
Special	602,392	769,510	745,955	23,555
Vocational	192,474	191,917	186,957	4,960
Student Intervention Services	337,000	453,729	458,286	(4,557)
Other	32,000	32,000	31,253	747
Support Services:				
Pupils	480,934	487,434	488,207	(773)
Instructional Staff	249,816	238,816	217,176	21,640
Board of Education	29,650	30,650	27,884	2,766
Administration	623,541	618,691	625,876	(7,185)
Fiscal	179,318	230,668	237,217	(6,549)
Operation and Maintenance of Plant	608,891	537,791	540,953	(3,162)
Pupil Transportation	355,418	313,438	305,696	7,742
Central	192,818	189,418	193,628	(4,210)
Extracurricular Activities	215,320	215,320	199,204	16,116
Capital Outlay	92,668	244,000	198,696	45,304
Total Expenditures	<u>7,960,000</u>	<u>8,286,952</u>	<u>8,174,236</u>	<u>112,716</u>
Excess of Revenues Over (Under) Expenditures	<u>56,659</u>	<u>79,070</u>	<u>189,848</u>	<u>110,778</u>
Other Financing Sources and Uses:				
Proceeds from Sale of Capital Assets		23,306	23,306	
Refund of Prior Year Expenditures		3,020	3,049	29
Transfers Out	(119,659)	(150,000)	(150,000)	
Refund of Prior Year Receipts		(600)	(598)	2
Total Other Financing Sources and Uses	<u>(119,659)</u>	<u>(124,274)</u>	<u>(124,243)</u>	<u>31</u>
Net Change in Fund Balances	(63,000)	(45,204)	65,605	110,809
Fund Balance (Deficit) at Beginning of Year	1,293,700	1,293,700	1,293,700	
Prior Year Encumbrances Appropriated	6,011	6,011	6,011	
Fund Balance (Deficit) at End of Year	<u>\$1,236,711</u>	<u>\$1,254,507</u>	<u>\$1,365,316</u>	<u>\$110,809</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$2,845	\$21,552
Total Assets	<u>2,845</u>	<u>21,552</u>
Net Assets:		
Unrestricted		21,552
Held in Trust for Scholarships	2,845	
Total Net Assets	<u>\$2,845</u>	<u>\$21,552</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS - CASH BASIS -
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Private Purpose Trust</u>
Additions:	
Gifts/Donations	\$2,500
Total Additions	<u>2,500</u>
Deductions:	
Payments in Accordance with Trust Agreements	2,500
Total Deductions	<u>2,500</u>
Change in Net Assets	
Net Assets Beginning of Year	<u>2,845</u>
Net Assets End of Year	<u><u>\$2,845</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District is located in a prosperous community within Van Wert County, consisting of residences and significant office and retail commercial development. The District is staffed by 44 non-certificated employees and 73 certificated employees who provide services to 944 students and other community members.

A. Reporting Entity

The 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. 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. The District does not have any component units.

The District is associated with five organizations, which are defined as jointly governed organizations, and insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and Van Wert Area School Insurance Group. These organizations are presented in Notes 14 and 15 of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A and 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major funds are the General Fund, the Local Share Fund, and the Ohio School Facilities Commission (OSFC) Fund.

General Fund - The General Fund 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 and transferred according to the general laws of Ohio.

Local Share Fund – The Local Share Fund is used to account for the revenues and expenditures related to the local share of expenditures for the new construction.

Ohio School Facilities Commission (OSFC) Fund – The OSFC Fund is used to account for revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund, function, object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the object level within the General Fund, and at the function and object level within all other funds are made by the District Treasurer.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2009, the District's investments included only nonnegotiable certificates of deposit, Federal Home Loan Bank Bonds, and Federal Home Loan Mortgage Corporation Bonds.

Following Ohio Statutes, the Board of Education has by resolution specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 was \$72,416 which included \$25,371 assigned from other District Funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District did not have restricted assets.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

I. Long-term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for post retirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net assets restricted for a bus purchase, debt service, capital outlay, and other purposes which include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation at June 30, 2009.

L. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrance and a bus purchase.

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis).

The adjustments necessary to reconcile the cash and budget basis statements for the General Fund are as follows:

<u>Difference in Fund Balance</u>	
Cash Basis	\$1,367,329
Increase/Decrease Due To:	
Encumbrances Outstanding at Fiscal Year End	<u>(2,013)</u>
Budget Basis	<u>\$1,365,316</u>

5. DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

A. Cash on Hand

As of June 30, 2009, the District had \$1,600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial risk beyond the requirements of State statute. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2009, the carrying amount of the District's deposits was \$11,154,582 and the bank balance was \$11,490,645. Of the bank balance, \$1,000,000 was covered by federal depository insurance (FDIC), \$1,145,568 was covered by Securities Investor Protection Corporation (SIPC) and \$9,345,077 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name.

C. Investments

As of June 30, 2009, the District had invested \$504,375 in Federal Home Loan Bank Bonds (FHLB) and \$1,002,900 in Federal Home Loan Mortgage Corporation Bonds (FHLMC) with maturity dates within two years.

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M) (2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the Treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from custodian by the treasurer, governing board, or qualified trustee."

The Federal Home Loan Bank Bonds and the Federal Home Loan Mortgage Corporation Bonds carry a rating of Aaa by both Moody's and AAA by Standard and Poor's.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The Federal Home Loan Bank Bonds and the Federal Home Loan Mortgage Corporation Bonds represent 33 percent and 67 percent, respectively of the District's investment portfolio.

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the District operates on a fiscal year from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following year fiscal year.

Property taxes include amounts levied against all real, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually. If paid annually, first payment is due December 31; if paid semiannually, the payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2009 is zero.

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Van Wert County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and other Real Estate	\$64,426,130	90.7%	\$78,042,170	92.6%
Public Utilities	6,223,190	8.8%	6,244,490	7.4%
General	395,790	.5%	25,760	0.0%
Total Assessed Value	<u>\$71,045,110</u>	<u>100%</u>	<u>\$84,312,420</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$47.50		\$46.30	

7. INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax levy was effective on January 1, 2005, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

8. PAYMENT IN LIEU OF TAXES

According to State law, the District has entered into agreements with a number of property owners under which the District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2009 were \$229,004.

9. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2009, the District carried property and general liability insurance and boiler and machinery insurance. Professional liability is protected with \$1,000,000 each occurrence, \$2,000,000 in annual aggregate limit. Vehicles are covered by Netherlands Insurance Company. Automobile liability has a \$1,000,000 combined single limit of liability. In addition, there is a \$3,000,000 excess liability policy, which provides additional liability coverage to both the general liability policy and the auto policy.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

9. RISK MANAGEMENT

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

The Treasurer's position bond, Superintendent's and Board Members' bonds are provided by Travelers Casualty and Surety Company.

B. Health Care Benefits

The District participates in the Van Wert Area School Insurance Group (VWASIG), a public entity shared risk pool consisting of five members (See Note 15). Each member pays premiums to VWASIG for employee medical, dental, and life insurance benefits to the employees of the participants. VWASIG is responsible for the payment of all the VWASIG liabilities to its employees, dependants, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of VWASIG, all members' claims would be paid without regard to the member's account balance.

C. Workers' Compensation

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

10. DEFINED BENEFIT PENSION PLAN

A. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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 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 members lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

The Combined Plan offers features of both the DB Plan and the DC 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority of member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$511,810, \$494,342, and \$492,299 respectively; 84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$4,199 made by the District and \$20,481 made by plan members.

B. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employee Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent 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 by the SERS' Retirement Board, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$92,220, \$92,215, and \$101,758 respectively; 51 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, two members of the Board of Education have selected Social Security. The contribution rate is 6.2 percent of wages.

11. POST-EMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund.

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$39,693, \$38,337, and \$38,165 respectively; 84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program.

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$15,308.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$42,204, \$42,081, and \$33,784 respectively; 51 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and were \$7,609, \$6,644 and \$6,920, respectively; 51 percent has been contributed for fiscal year 2009 and 100 percent for fiscal year 2008 and 2007.

12. LONG TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2009 were as follows:

<u>General Long-Term Debt</u>	<u>Interest Rate</u>	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/09</u>	<u>Due within One Year</u>
General Obligation Bonds						
1993 School Improvement						
Capital Appreciation	5.7 to 5.85%	\$125,046		\$ 42,406	\$ 82,640	\$ 37,388
Accretion		803,638	\$52,174	252,594	603,218	257,612
2008 School Improvement						
Term	4.0 to 4.25%	4,405,000			4,405,000	
Serial	3.0 to 3.625%	785,000		30,000	755,000	115,000
Capital Appreciation	3.75 to 4.01%					
Original Issue		139,998			139,998	
Accretion		2,444			2,444	
Premium on Capital						
Appreciation		182,420			182,420	
Total General Long-Term Debt		<u>\$6,443,546</u>	<u>\$52,174</u>	<u>\$325,000</u>	<u>\$6,170,720</u>	<u>\$410,000</u>

1993 General Obligation Bonds - On July 1, 1993, the District issued bonds to refund \$2,600,000 School Improvement Bonds Dated December 1, 1988 which were outstanding in the principal amounts of \$2,360,000 and \$665,000 in School Improvement Bonds dated October 1, 1991 which were outstanding in the principal amount of \$640,000. The bond issue included current interest bonds and capital appreciation bonds in the amount of \$2,790,000 and \$209,832, respectively. The current interest bonds were paid in full as of June 30, 2006. The remaining capital appreciation bonds will mature in fiscal years 2009 through 2014. The maturity amounts of the bonds are \$295,000 for fiscal year 2009, \$295,000 for fiscal year 2010, \$295,000 for fiscal year 2011, \$50,000 for fiscal year 2012, \$50,000 for fiscal year 2013, and \$50,000 for fiscal year 2014. The capital appreciation bonds bear an interest rate of 5.70 percent to 5.85 percent. Capital appreciation bonds are not subject to redemption prior to maturity.

School Facility Construction and Improvement Bonds, Series 2008 – On March 20, 2009, the District issued \$5,329,998 in voted general obligation bonds for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program, together with the land acquisition and other improvements to school facilities, equipment, site improvements, and all necessary appurtenances thereto. The bonds consist of \$785,000 in serial bonds, \$4,405,000 in term bonds and \$139,998 capital appreciation bonds. The capital appreciation bonds were sold at a premium of \$182,420. The bonds will be retired from the Bond Retirement Fund from a voted tax levy.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

The Bonds are issuable as Bonds which pay interest semiannually (the "Current Interest Bonds") and as Bonds which do not pay interest currently but accrete in value in lieu thereof until their maturity date (the "Capital Appreciation Bonds"). The Bonds will be dated, mature, and bear interest or, in the case of the Capital Appreciation Bonds, accrete in value, all as more particularly described herein.

A. The Current Interest Bonds

The Current Interest Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Annual principal, and any premium, on all Current Interest Bonds are payable upon presentation and surrender by the registered owner thereof at the principal office of the Registrar. Semiannual interest on the Current Interest Bonds is payable each June 1 and December 1, commencing December 1, 2008, by check or draft to be mailed by the Paying Agent and Registrar to the registered owner as shown in the registration records maintained by the Paying Agent and Registrar as bond registrar on the 15th day of the month preceding such interest payment date.

The Current Interest Bonds (Serial Bonds) shall bear interest at the respective rates per annum shall be as follows:

Maturity Date (December 1)	Principal Amount Maturing	Interest Rate
2009	\$115,000	3.000%
2010	115,000	3.000%
2011	120,000	3.250%
2012	130,000	3.500%
2013	135,000	3.500%
2014	140,000	3.625%

The Current Interest Bonds (Term Bonds) shall bear interest at the respective rates per annum shall be as follows:

Maturity Date (December 1)	Principal Amount Maturing	Interest Rate
2020	\$ 490,000	4.000%
2022	375,000	4.000%
2025	630,000	4.000%
2028	730,000	4.000%
2032	1,155,000	4.125%
2035	1,025,000	4.250%

B. The Capital Appreciation Bonds

The Capital Appreciation Bonds will be dated their date of issuance. The Capital Appreciation Bonds do not bear current interest, but will accrete in value from their date of issuance. The accreted value so accrued and compounded shall be the Compound Accreted Amount. Payment of the Compound Accreted Amount shall be made upon presentation and surrender thereof at the principal office of the Paying Agent and Registrar. The Compound Accreted Amount of the Capital Appreciation Bonds as of each Compound Date is set forth in the Accretion Table provided below.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
2015	\$53,085	\$150,000
2016	46,385	150,000
2017	40,528	150,000

C. Mandatory Sinking Fund Redemption

The Current Interest Bonds due December 1, 2020 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2018, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2018	\$155,000
2019	165,000

Unless otherwise called for redemption, the remaining \$170,000 principal amount of the Bonds due December 1, 2020 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2021, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$185,000

Unless otherwise called for redemption, the remaining \$190,000 principal amount of the Bonds due December 1, 2022 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2025 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2023, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$200,000
2024	210,000

Unless otherwise called for redemption, the remaining \$220,000 principal amount of the Bonds due December 1, 2025 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2028 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2026, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$230,000
2027	245,000

Unless otherwise called for redemption, the remaining \$255,000 principal amount of the Bonds due December 1, 2028 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2032 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2029, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2029	\$265,000
2030	285,000
2031	295,000

Unless otherwise called for redemption, the remaining \$310,000 principal amount of the Bonds due December 1, 2032 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2035 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2033, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2033	\$330,000
2034	340,000

Unless otherwise called for redemption, the remaining \$355,000 principal amount of the Bonds due December 1, 2035 is to be paid at stated maturity.

D. Optional Redemption

The Current Interest Bonds maturing on December 1, 2018 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2018 at par, which is 100% of the face value of the Current Interest Bonds. The Capital Appreciation Bonds are not subject to redemption prior to scheduled maturity.

The annual requirements to service the principal and interest of the serial and term bonds to maturity are as follows:

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 115,000	\$ 203,631	\$ 318,631
2011	115,000	200,181	315,181
2012	120,000	196,506	316,506
2013	130,000	192,282	322,282
2014	135,000	187,644	322,644
2015 – 2019	295,000	1,210,471	1,505,471
2020 – 2024	910,000	782,631	1,692,631
2025 – 2029	1,160,000	576,632	1,736,632
2030 – 2034	1,485,000	309,078	1,794,078
2035	695,000	29,856	724,856
Total	<u>\$5,160,000</u>	<u>\$3,888,912</u>	<u>\$9,048,912</u>

The annual requirements to service the principal and interest of the 1993 issue of Capital Appreciation bonds to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$37,388	\$257,612	\$295,000
2011	31,645	263,355	295,000
2012	5,371	44,629	50,000
2013	4,758	45,242	50,000
2014	3,478	46,522	50,000
Total	<u>\$82,640</u>	<u>\$657,360</u>	<u>\$740,000</u>

The annual requirements to service the principal and interest of the 2008 issue of Capital Appreciation bonds to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 53,085	\$ 96,915	\$150,000
2017	46,385	103,615	150,000
2018	40,528	109,472	150,000
Total	<u>\$139,998</u>	<u>\$310,002</u>	<u>\$450,000</u>

At June 30, 2009, the District's overall legal debt margin was \$2,339,112, with an un-voted debt margin of \$84,312.

13. SET ASIDE DISCLOSURE

As stated in House Bill 412, revised in Senate Bill 345, school districts are required to maintain two reserves - one for capital acquisition and maintenance, and one for textbooks and other instructional materials. A reserve represents resources whose use is limited because of contractual or statutory restrictions. The following cash basis information describes the change in the year-end set-aside amounts. Disclosure of this information is required by State statute.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

13. SET ASIDE DISCLOSURE (Continued)

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2008	(\$82,338)	(\$5,330,000)
Current Year Set-aside Requirement	150,899	150,899
Qualifying Disbursements	(79,471)	(150,899)
Cash Balance Carried forward to FY 2010	(\$10,910)	(\$5,330,000)

Although the District had offsets and qualifying disbursements during the current and prior years that reduced the set-aside amounts to below zero, these extra amounts for textbooks only may be used to reduce the set-aside requirements of future years. The District issued bonds for the construction of a new facility related to the Ohio School Facilities Program. This amount may also be carried forward and used to reduce the set-aside amount for future years.

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Mary's and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county.

Financial information can be obtained from Raymond Burden, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Career Center

The Vantage Career Center is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority.

Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

15. INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

15. INSURANCE POOLS (Continued)

B. Van Wert Area School Insurance Group (VWASIG)

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, who serves as fiscal agent, 641 North Jefferson Street, Van Wert, Ohio 45891.

16. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
United States Department of Agriculture (Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
School Breakfast Program	10.553		\$477		\$477
National School Lunch Program	10.555		47,221		47,221
Cash Assistance:					
School Breakfast Program	10.553	\$18,603		\$18,603	
National School Lunch Program	10.555	129,626		129,626	
Total Child Nutrition Cluster		<u>148,229</u>	<u>47,698</u>	<u>148,229</u>	<u>47,698</u>
Total United States Department of Agriculture		<u>148,229</u>	<u>47,698</u>	<u>148,229</u>	<u>47,698</u>
United States Department of Education (Passed through Ohio Department of Education)					
Title 1 Cluster:					
Title I Grants to Local Educational Agencies	84.010	67,339		74,574	
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>42,548</u>		<u>40,187</u>	
Total Title I Cluster		<u>109,887</u>		<u>114,761</u>	
Special Education Cluster:					
Special Education Grants to States	84.027	159,232		196,772	
ARRA Special Education Grants to States, Recovery Act	84.391	<u>176,446</u>		<u>166,803</u>	
Total Special Education Cluster		<u>335,678</u>		<u>363,575</u>	
Safe and Drug-Free Schools and Communities	84.186	1,881		1,859	
Education Technology State Grants	84.318	573			
Improving Teacher Quality State Grants	84.367	30,125		30,125	
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	286,086		263,705	
Total United States Department of Education		<u>764,230</u>		<u>774,025</u>	
Total Federal Financial Assistance		<u>\$912,459</u>	<u>\$47,698</u>	<u>\$922,254</u>	<u>\$47,698</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Disbursements (the Schedule) reports the Van Wert City School District's (the District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, (the District) as of and for the fiscal years ended June 30, 2010 and 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 16, 2011 wherein we noted the School District used a comprehensive basis of accounting other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 16, 2011.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Education and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

Dave Yost
Auditor of State

March 16, 2011



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of Crestview Local School District, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Crestview Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 16, 2011.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

March 16, 2011

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010 and 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster, (Special Education Grants to States-CFDA# 84.027 and ARRA - Special Education Grants to States, Recovery Act - CFDA# 84.391) ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act - CFDA# 84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2010-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District should prepare its financial statements according to generally accepted accounting principles to help provide the users with more meaningful financial statements.

OFFICIALS RESPONSE: The District plans to continue preparing the GASB type cash basis reports because of the cost involved with preparing GAAP statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010 and 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Rev. Code Section 117.38 & Ohio Admin. Code Section 117-2-03(B) – Failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding Number 2010-01
2008-002	Reporting of Cafeteria Data	Yes	
2008-003	Classifying Revenues and Expenditures	Yes	
2008-003	Investment Income	No	Repeated in management letter

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Crestview Local School District has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board approved its anti-harassment policy at its meeting on December 10, 2007.
2. We read the policy, to determine if it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- 6) A procedure for documenting any prohibited incident that is reported;
- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

March 16, 2011



Dave Yost • Auditor of State

CRESTVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 5, 2011**