



Dave Yost • Auditor of State

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Statement of Net Position	14
Statement of Activities.....	15
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	20
Statement of Fund Net Position – Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund.....	23
Statement of Net Position – Fiduciary Fund	24
Notes to the Basic Financial Statements	25
Schedules of Other Information:	
Schedule of the School District's Proportionate Share of The Net Pension Liability School Employees Retirement System (SERS) of Ohio.....	58
Schedule of the School District's Proportionate Share of The Net Pension Liability State Teachers Retirement System (STRS) of Ohio	59
Schedule of the School District Contributions School Employees Retirement System (SERS) of Ohio.....	60
Schedule of the School District Contributions State Teachers Retirement System (STRS) of Ohio	61
Schedule of Federal Awards Expenditures.....	63
Notes to the Schedule of Federal Awards Expenditures	64
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Required By <i>Government Auditing Standards</i>	65

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program And On Internal Control Over Compliance Required By OMB Circular A-133	67
Schedule of Findings.....	69
Schedule of Prior Audit Findings.....	71



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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, Columbiana County, Ohio (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Columbiana County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standard (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Standard No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date..* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule of Federal Award Expenditures is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

December 29, 2015

This page intentionally left blank.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The discussion and analysis of the financial performance of Crestview Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. 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 2015 are as follows:

In total, net position decreased \$534,162.

General revenues accounted for \$9,404,952, or approximately 71 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$3,841,407 or 29 percent of total revenues of \$13,246,359.

The District's major funds included the General Fund and the Permanent Improvement Capital Projects Fund. On the modified accrual basis, the General Fund had \$11,384,373 in revenues and \$11,727,900 in expenditures. The General Fund's balance decreased \$343,527 from the prior fiscal year. The Permanent Improvement Capital Projects Fund had \$754,657 in revenues and \$726,986 in expenditures. The Permanent Improvement Capital Projects Fund balance increased \$361,471 from the previous fiscal year.

The revenue generated from the Permanent Improvement Capital Projects Fund included \$330,000 in lease purchase agreement proceeds reported as an other financing source.

The District implemented GASB 68 during the fiscal year, which resulted in the inclusion of a net pension liability of \$13,282,275. For more information on this liability see Note 14 to the basic financial statements.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Crestview Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* 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 the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and 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 one column. In the case of Crestview Local School District, the General Fund and the Permanent Improvement Capital Projects Fund are the two major funds of the District and are the most significant.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities reflect how the District did financially during fiscal year 2015. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net position and changes in that position. This change in net position 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 position and statement of activities, 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. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

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 multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund. While the District uses many funds to account for its financial transactions, these two are the most significant.

Governmental Funds - Most of the District's activities are reported in the 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 modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Proprietary Funds - The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for insurance benefits.

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 accrual basis of accounting.

The District as a Whole

Table 1 provides a summary of net position for fiscal year 2015 compared to fiscal year 2014.

Net Position (Table 1)			
Governmental Activities			
	2015	(Restated) 2014	Change
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current and Other Assets	\$5,894,112	\$6,115,214	(\$221,102)
Capital Assets, Net	<u>15,075,068</u>	<u>15,504,068</u>	<u>(429,000)</u>
<i>Total Assets</i>	<u>20,969,180</u>	<u>21,619,282</u>	<u>(650,102)</u>
Deferred Outflows of Resources			
Pension	<u>1,012,658</u>	<u>867,156</u>	<u>145,502</u>
Liabilities			
Current Liabilities	1,886,213	1,573,935	312,278
Long-Term Liabilities			
Due within One Year	585,141	547,137	38,004
Due in More than One Year:			
Net Pension Liability	13,282,275	15,782,741	(2,500,466)
Other Amounts	<u>4,195,160</u>	<u>4,454,936</u>	<u>(259,776)</u>
<i>Total Liabilities</i>	<u>19,948,789</u>	<u>22,358,749</u>	<u>(2,409,960)</u>
Deferred Inflows of Resources			
Property Taxes	2,304,704	2,267,708	36,996
Pension	<u>2,402,526</u>	<u>0</u>	<u>2,402,526</u>
<i>Total Deferred Inflows of Resources</i>	<u>4,707,230</u>	<u>2,267,708</u>	<u>2,439,522</u>
Net Position			
Net Investment in Capital Assets	11,067,522	11,099,829	(32,307)
Restricted	416,592	580,556	(163,964)
Unrestricted	<u>(14,158,295)</u>	<u>(13,820,404)</u>	<u>(337,891)</u>
<i>Total Net Position</i>	<u>(\$2,674,181)</u>	<u>(\$2,140,019)</u>	<u>(\$534,162)</u>

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

During 2015, the District adopted GASB Statement No 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB No. 27 focused on a funding approach. This approach limited pension costs to contributions manually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB No. 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service; and;
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the District, part of a bargained-for benefit to the employee, and should accordingly be reported by the District as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both Houses of the General Assembly, and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the District. In the event that contributions, investment returns and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB No. 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

As a result of implementing GASB No. 68, the District is reporting a net pension liability and deferred outflows and inflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$12,775,566 to a negative \$2,140,019.

Total assets decreased by \$650,102. The overall decrease can be attributed to a decrease in capital assets and cash with fiscal agents from the prior year.

Total liabilities decreased by \$2,409,960. This decrease was due to an overall decrease in the net pension liability and the District making all scheduled payments on its outstanding long-term obligations during the fiscal year.

By comparing assets and liabilities, the overall position of the District has slightly decreased as evidenced by the decrease in net position of \$534,162, or 25 percent from the prior fiscal year.

Table 2 reflects the changes in net position for fiscal year 2015 compared to fiscal year 2014.

Table 2
Change in Net Position
Governmental Activities

	2015	(Restated) 2014	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services and Sales	\$3,145,696	\$3,118,364	\$27,332
Operating Grants and Contributions	695,711	691,819	3,892
<i>Total Program Revenues</i>	<u>3,841,407</u>	<u>3,810,183</u>	<u>31,224</u>
General Revenues			
Property Taxes	2,447,267	2,443,908	3,359
Income Tax	1,243,897	1,240,849	3,048
Intergovernmental	5,634,780	5,374,708	260,072
Investment Earnings	21,703	17,982	3,721
Miscellaneous	53,505	47,580	5,925
Gain on Sale of Capital Assets	3,800	0	3,800
<i>Total General Revenues</i>	<u>9,404,952</u>	<u>9,125,027</u>	<u>279,925</u>
<i>Total Revenues</i>	<u>\$13,246,359</u>	<u>\$12,935,210</u>	<u>\$311,149</u>

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Table 2 (continued)
Change in Net Position
Governmental Activities

	2015	(Restated) 2014	Increase (Decrease)
Program Expenses			
Current:			
Instruction	\$7,460,037	\$7,146,828	\$313,209
Support Services:			
Pupil	736,628	527,806	208,822
Instructional Staff	447,001	410,710	36,291
Board of Education	24,463	16,861	7,602
Administration	1,202,348	1,126,692	75,656
Fiscal	370,260	369,398	862
Business	428	428	0
Operation and Maintenance of Plant	1,314,921	1,298,278	16,643
Pupil Transportation	763,543	770,622	(7,079)
Central	38,622	43,232	(4,610)
Operation of Non-Instructional Services	0	27,844	(27,844)
Operation of Food Services	590,208	535,501	54,707
Extracurricular Activities	527,599	460,779	66,820
Interest and Fiscal Charges	304,463	319,222	(14,759)
Total Program Expenses	13,780,521	13,054,201	726,320
Special Item	0	100,791	(100,791)
Increase (Decrease) in Net Position	(534,162)	(18,200)	(515,962)
Net Position Beginning of Year - Restated	(2,140,019)	(2,121,819)	(18,200)
Net Position End of Year	(\$2,674,181)	(\$2,140,019)	(\$534,162)

The information necessary to restate the fiscal year 2014 beginning balances and fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB No. 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$867,156 computed under GASB No. 27. GASB No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB No. 68, the fiscal year 2015 statements report negative pension expense of \$644,037.

In order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$13,780,521
Pension expense under GASB 68	(644,037)
2015 contractually required contributions	887,479
Adjusted 2015 program expenses	14,023,963
Total 2014 program expenses under GASB 27	13,054,201
Increase in program expenses not related to pension	\$969,762

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The primary sources of revenue for governmental activities are derived from grants and entitlements and property and income taxes. These revenue sources represent approximately 70 percent of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for instruction, which totaled \$7,460,037 or 54 percent of total governmental expenses. Support service expenses totaled \$4,900,214, or 36 percent of total governmental expenses for fiscal year 2015.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services 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.

Table 3
Total and Net Cost of Program Services

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$7,460,037	\$4,416,913	\$7,146,828	\$4,100,811
Support Services:				
Pupil	736,628	674,209	527,806	470,324
Instructional Staff	447,001	430,278	410,710	388,687
Board of Education	24,463	24,463	16,861	16,861
Administration	1,202,348	1,202,348	1,126,692	1,124,992
Fiscal	370,260	370,260	369,398	368,023
Business	428	428	428	428
Operation and Maintenance of Plant	1,314,921	1,314,921	1,298,278	1,298,278
Pupil Transportation	763,543	741,750	770,622	770,622
Central	38,622	37,882	43,232	42,956
Operation of Non-Instructional Services	0	0	27,844	27,739
Food Service Operation	590,208	57,940	535,501	29,113
Extracurricular Activities	527,599	363,259	460,779	285,962
Interest and Fiscal Charges	304,463	304,463	319,222	319,222
<i>Total Expenditures</i>	<u>\$13,780,521</u>	<u>\$9,939,114</u>	<u>\$13,054,201</u>	<u>\$9,244,018</u>

The dependence upon property and income tax revenues and unrestricted state entitlements for governmental activities is apparent. Nearly 68 percent of all District expenses are supported through income and property taxes and unrestricted grants and entitlements. Program revenues supported nearly 28 percent of total expenses, while interest and miscellaneous revenues supported less than 1 percent. Overall, all current fiscal year expenses were not quite covered by current fiscal year revenues, resulting in the overall decrease in net position of \$534,162.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund. Total governmental funds had revenues of \$13,269,265 and expenditures of \$13,895,160. The net overall decrease in fund balance was \$292,095 for the year.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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 2015, the District amended its General Fund budget as needed.

The variance between final budgeted and actual revenues was \$21,919, or less than one percent. This variance was the result of slightly more than estimated intergovernmental collections, and was not significant to total revenues collected. The variance between original budgeted and actual revenues was \$302,897 and was due to slightly higher than estimated collections for tuition and fees, income tax and intergovernmental revenue. This variance is due to a conservative or "worst case scenario" approach applied to the original budget.

Final expenditures were budgeted at \$11,579,496 while actual expenditures were \$11,541,990. The \$37,506 difference is primarily due to a conservative "worst case scenario" approach, and is not significant, as it is less than 1 percent of the total budget. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$15,075,068 invested in capital assets (net of accumulated depreciation) for governmental activities. Table 4 shows fiscal year 2015 balances compared to fiscal year 2014:

Table 4
Capital Assets at June 30 (Net of Depreciation)

	<u>2015</u>	<u>2014</u>
Land	\$250,000	\$250,000
Construction in Progress	146,872	0
Land Improvements	172,358	171,044
Buildings and Improvements	13,720,548	14,255,058
Furniture, Fixtures and Equipment	424,522	493,001
Vehicles	<u>360,768</u>	<u>334,965</u>
<i>Total</i>	<u>\$15,075,068</u>	<u>\$15,504,068</u>

All capital assets, except land and construction in progress, are reported net of depreciation. As one can see, the District had an overall decrease in capital assets of \$429,000. This decrease is due to the current year depreciation expense of \$695,083 and net deletions of \$329 exceeding capital asset additions of \$266,412.

For further information regarding the District's capital assets, see Note 10 to the basic financial statements.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Debt

As of June 30, 2015, the District's outstanding long-term obligations included \$3,849,843 in school construction bonds for the performing arts/auditorium project, \$194,883 in school facilities improvement refunding bonds for building improvements, a lease purchase agreement of \$330,000 and a capital lease for \$63,393. At June 30, 2015, the District's overall legal debt margin was \$9,857,195, with an un-voted debt margin of \$107,511.

For further information regarding the District's debt, see Note 17 to the basic financial statements.

Current Issues

The District is a small rural community in Northeast Ohio. The District's 2010 population was 6,200. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is holding its own in the state of a declining economy and uncertainty in State funding. As the preceding information shows, the District relies heavily upon property taxes, school district income tax, the state foundation program and open enrollment.

The District is also currently experiencing a declining resident enrollment. In order to offset the decrease, the District adopted an Open Enrollment Policy effective with the 2003 fiscal year. Currently for the 2014-2015 school year the District had a net open enrollment population of approximately 347 students.

The District believes it can eliminate any future deficits through managing costs without seeking approval of additional operating funds from its voters.

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 requests for additional information should be directed to Charlene Mercure, Treasurer, Crestview Local School District, 44100 Crestview Road, Suite A, Columbiana, Ohio 44408.

Crestview Local School District

Columbiana County, Ohio

*Statement of Net Position
June 30, 2015*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,460,957
Cash and Cash Equivalents:	
With Fiscal Agents	367,734
Accrued Interest Receivable	4,137
Accounts Receivable	3,876
Income Taxes Receivable	544,845
Property Taxes Receivable	2,445,097
Inventory Held for Resale	10,663
Materials and Supplies Inventory	38,554
Prepaid Items	16,449
Due from Agency Funds	1,800
Nondepreciable Capital Assets	396,872
Depreciable Capital Assets, Net	14,678,196
<i>Total Assets</i>	<u>20,969,180</u>
Deferred Outflows of Resources	
Pension:	
STRS	796,668
SERS	215,990
<i>Total Deferred Outflows of Resources</i>	<u>1,012,658</u>
Liabilities	
Accounts Payable	35,902
Accrued Wages and Benefits Payable	1,152,660
Contracts Payable	104,760
Retainage Payable	11,640
Intergovernmental Payable	324,014
Matured Compensated Absences Payable	24,759
Accrued Interest Payable	84,978
Claims Payable	147,500
Long-Term Liabilities:	
Due Within One Year	585,141
Due In More Than One Year:	
Net Pension Liability (See Note 14)	13,282,275
Other Amounts Due in More Than One Year	4,195,160
<i>Total Liabilities</i>	<u>19,948,789</u>
Deferred Inflows of Resources	
Property Taxes	2,304,704
Pension:	
STRS	2,011,118
SERS	391,408
<i>Total Deferred Inflows of Resources</i>	<u>4,707,230</u>
Net Position	
Net Investment in Capital Assets	11,067,522
Restricted for:	
Capital Projects	50,663
Debt Service	154,648
Other Purposes	211,281
Unrestricted (Deficit)	(14,158,295)
<i>Total Net Position</i>	<u>(\$2,674,181)</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
			Governmental Activities	
Governmental Activities				
Current:				
Instruction:				
Regular	\$5,901,594	\$2,458,691	\$189,530	(\$3,253,373)
Special	1,438,554	188,277	163,972	(1,086,305)
Vocational	82,031	15,679	0	(66,352)
Other	37,858	0	26,975	(10,883)
Support Services:				
Pupils	736,628	50,653	11,766	(674,209)
Instructional Staff	447,001	13,743	2,980	(430,278)
Board of Education	24,463	0	0	(24,463)
Administration	1,202,348	0	0	(1,202,348)
Fiscal	370,260	0	0	(370,260)
Business	428	0	0	(428)
Operation and Maintenance of Plant	1,314,921	0	0	(1,314,921)
Pupil Transportation	763,543	21,793	0	(741,750)
Central	38,622	490	250	(37,882)
Operation of Food Services	590,208	258,568	273,700	(57,940)
Extracurricular Activities	527,599	137,802	26,538	(363,259)
Interest and Fiscal Charges	304,463	0	0	(304,463)
<i>Total Governmental Activities</i>	<u>\$13,780,521</u>	<u>\$3,145,696</u>	<u>\$695,711</u>	<u>(9,939,114)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				1,925,237
Capital Outlay				485,304
Other Purposes				36,726
Income Taxes Levied for:				
General Purposes				1,243,897
Grants and Entitlements not				
Restricted to Specific Programs				5,634,780
Investment Earnings				21,703
Miscellaneous				53,505
Gain on Sale of Capital Assets				3,800
<i>Total General Revenues</i>				<u>9,404,952</u>
Change in Net Position				(534,162)
<i>Net Position Beginning of Year - Restated (See Note 3)</i>				(2,140,019)
<i>Net Position End of Year</i>				<u><u>(\$2,674,181)</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Balance Sheet
Governmental Funds
June 30, 2015

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,441,845	\$543,522	\$475,590	\$2,460,957
Accrued Interest Receivable	3,826	0	311	4,137
Accounts Receivable	3,876	0	0	3,876
Interfund Receivable	109,885	0	0	109,885
Income Taxes Receivable	544,845	0	0	544,845
Property Taxes Receivable	1,937,435	488,623	19,039	2,445,097
Inventory Held for Resale	0	0	10,663	10,663
Materials and Supplies Inventory	37,315	0	1,239	38,554
Prepaid Items	16,449	0	0	16,449
Due from Agency Funds	1,800	0	0	1,800
<i>Total Assets</i>	<u>\$4,097,276</u>	<u>\$1,032,145</u>	<u>\$506,842</u>	<u>\$5,636,263</u>
Liabilities				
Accounts Payable	\$35,431	\$0	\$471	\$35,902
Accrued Wages and Benefits Payable	1,061,077	0	91,583	1,152,660
Contracts Payable	0	104,760	0	104,760
Intergovernmental Payable	296,849	0	27,165	324,014
Matured Compensated Absences Payable	24,759	0	0	24,759
Interfund Payable	0	0	109,885	109,885
Retainage Payable	0	11,640	0	11,640
<i>Total Liabilities</i>	<u>1,418,116</u>	<u>116,400</u>	<u>229,104</u>	<u>1,763,620</u>
Deferred Inflows of Resources				
Property Taxes	1,827,675	460,261	16,768	2,304,704
Unavailable Revenue - Property Taxes	62,721	16,137	1,236	80,094
Unavailable Revenue - Income Tax	70,167	0	0	70,167
<i>Total Deferred Inflows of Resources</i>	<u>1,960,563</u>	<u>476,398</u>	<u>18,004</u>	<u>2,454,965</u>
Fund Balances				
Nonspendable	53,764	0	1,239	55,003
Restricted	0	439,347	379,387	818,734
Committed	0	0	96,036	96,036
Assigned	292,465	0	0	292,465
Unassigned (Deficit)	372,368	0	(216,928)	155,440
<i>Total Fund Balances</i>	<u>718,597</u>	<u>439,347</u>	<u>259,734</u>	<u>1,417,678</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,097,276</u>	<u>\$1,032,145</u>	<u>\$506,842</u>	<u>\$5,636,263</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2015*

Total Governmental Fund Balances	\$1,417,678
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,075,068
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Property Taxes	80,094
Income Taxes	<u>70,167</u>
Total	150,261
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	220,234
In the statement of activities, interest is accrued on outstanding general obligation bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.	(84,978)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	
STRS	(10,870,685)
SERS	<u>(2,411,590)</u>
Total	(13,282,275)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions:	
STRS	796,668
SERS	<u>215,990</u>
Total	1,012,658
Deferred inflows of resources related to pensions:	
STRS	(2,011,118)
SERS	<u>(391,408)</u>
Total	(2,402,526)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Capital Appreciation Bonds	(84,153)
Accretion on Bonds	(110,730)
Qualified School Construction Bonds	(3,860,000)
Unamortized Discount	10,157
Lease Purchase Agreement	(330,000)
Capital Leases	(63,393)
Compensated Absences	<u>(342,182)</u>
Total	<u>(4,780,301)</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>(\$2,674,181)</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$1,965,176	\$495,802	\$37,602	\$2,498,580
Income Taxes	1,240,397	0	0	1,240,397
Tuition and Fees	2,677,893	0	13,950	2,691,843
Interest	16,530	0	859	17,389
Charges for Services	0	0	236,551	236,551
Extracurricular Activities	50,653	0	144,632	195,285
Rentals	4,382	0	0	4,382
Contributions and Donations	6,366	0	39,269	45,635
Intergovernmental	5,370,202	258,855	656,641	6,285,698
Miscellaneous	52,774	0	731	53,505
<i>Total Revenues</i>	<u>11,384,373</u>	<u>754,657</u>	<u>1,130,235</u>	<u>13,269,265</u>
Expenditures				
Current:				
Instruction:				
Regular	5,438,895	34,598	208,426	5,681,919
Special	1,214,088	0	171,146	1,385,234
Vocational	73,992	0	0	73,992
Other	9,780	0	28,635	38,415
Support Services:				
Pupils	716,812	0	5,400	722,212
Instructional Staff	377,525	0	23,306	400,831
Board of Education	24,505	0	0	24,505
Administration	1,156,239	0	0	1,156,239
Fiscal	339,411	12,466	939	352,816
Operation and Maintenance of Plant	1,193,432	26,145	42,708	1,262,285
Pupil Transportation	675,543	0	0	675,543
Central	41,397	0	577	41,974
Operation of Food Services	0	0	547,488	547,488
Extracurricular Activities	281,137	0	201,649	482,786
Capital Outlay	106,340	160,072	0	266,412
Debt Service:				
Principal Retirement	70,870	235,000	210,000	515,870
Interest and Fiscal Charges	7,934	258,705	0	266,639
<i>Total Expenditures</i>	<u>11,727,900</u>	<u>726,986</u>	<u>1,440,274</u>	<u>13,895,160</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(343,527)</u>	<u>27,671</u>	<u>(310,039)</u>	<u>(625,895)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	3,800	0	3,800
Proceeds of Lease Purchase Agreement	0	330,000	0	330,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>333,800</u>	<u>0</u>	<u>333,800</u>
<i>Net Change in Fund Balances</i>	<u>(343,527)</u>	<u>361,471</u>	<u>(310,039)</u>	<u>(292,095)</u>
<i>Fund Balances Beginning of Year</i>	1,062,124	77,876	569,773	1,709,773
<i>Fund Balances End of Year</i>	<u>\$718,597</u>	<u>\$439,347</u>	<u>\$259,734</u>	<u>\$1,417,678</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds (292,095)

**Amounts reported for governmental activities in the
statement of activities are different because**

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	266,412
Current Year Depreciation	<u>(695,083)</u>

Total (428,671)

The net effect of various transactions involving capital assets

(i.e.; disposals, sales and donations) is a reduction in net position.

Assets Disposed	(60,114)
Accumulated Depreciation on Disposals	<u>59,785</u>

Total (329)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(51,313)
Income Taxes	3,500
Intergovernmental	<u>(842)</u>

Total (48,655)

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.

Proceeds of Lease Purchase Agreement (330,000)

Repayment of long-term debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

515,870

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Bonds	(8,013)
Accreted Interest on Bonds	(29,143)
Amortization of Discount	<u>(668)</u>

Total (37,824)

Governmental funds report district pension contributions as expenditures.

However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Direct pension contributions	
STRS	692,014
SERS	<u>195,465</u>

Total 887,479

Cost of benefits earned net of employee contributions

STRS	(502,216)
SERS	<u>(141,821)</u>

Total (644,037)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

65,713

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(221,613)

Change in Net Position of Governmental Activities

(\$534,162)

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,960,000	\$1,980,035	\$1,980,036	\$1
Income Taxes	1,212,552	1,247,560	1,247,560	0
Tuition and Fees	2,599,408	2,674,457	2,677,888	3,431
Interest	14,865	15,294	15,334	40
Rentals	4,258	4,382	4,382	0
Intergovernmental	4,999,560	5,143,906	5,161,345	17,439
Miscellaneous	54,277	55,844	55,852	8
<i>Total Revenues</i>	<u>10,844,920</u>	<u>11,121,478</u>	<u>11,142,397</u>	<u>20,919</u>
Expenditures				
Current:				
Instruction:				
Regular	5,698,199	5,835,028	5,371,331	463,697
Special	852,699	872,715	996,199	(123,484)
Vocational	64,601	66,165	74,150	(7,985)
Other	227	0	9,780	(9,780)
Support Services:				
Pupils	622,470	637,422	665,541	(28,119)
Instructional Staff	423,934	434,189	372,583	61,606
Board of Education	24,956	25,525	22,611	2,914
Administration	975,887	999,451	1,107,321	(107,870)
Fiscal	334,608	342,630	362,690	(20,060)
Operation and Maintenance of Plant	1,162,483	1,188,682	1,311,750	(123,068)
Pupil Transportation	896,614	918,098	858,787	59,311
Central	36,702	37,591	41,520	(3,929)
Extracurricular Activities	215,486	220,700	267,623	(46,923)
Debt Service:				
Principal Retirement	0	0	70,870	(70,870)
Interest and Fiscal Charges	0	0	7,934	(7,934)
<i>Total Expenditures</i>	<u>11,308,866</u>	<u>11,578,196</u>	<u>11,540,690</u>	<u>37,506</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(463,946)</u>	<u>(456,718)</u>	<u>(398,293)</u>	<u>58,425</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditure	0	2,920	2,920	0
Insurance Proceeds	0	1,500	1,500	0
Advances In	0	0	1,000	1,000
Advances Out	0	(1,300)	(1,300)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>3,120</u>	<u>4,120</u>	<u>1,000</u>
<i>Net Change in Fund Balance</i>	(463,946)	(453,598)	(394,173)	59,425
<i>Fund Balance Beginning of Year</i>	1,440,191	1,440,191	1,440,191	0
Prior Year Encumbrances Appropriated	178,456	178,456	178,456	0
<i>Fund Balance End of Year</i>	<u>\$1,154,701</u>	<u>\$1,165,049</u>	<u>\$1,224,474</u>	<u>\$59,425</u>

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

Statement of Fund Net Position

Proprietary Fund

June 30, 2015

	<u>Internal Service</u>
Assets	
Cash and Cash Equivalents:	
With Fiscal Agents	\$367,734
Liabilities	
Claims Payable	<u>147,500</u>
Net Position	
Unrestricted	<u><u>\$220,234</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	<u>\$1,136,725</u>
Operating Expenses	
Purchased Services	90,568
Claims	1,272,084
<i>Total Operating Expenses</i>	<u>1,362,652</u>
<i>Operating Loss</i>	(225,927)
Non-Operating Revenues	
Interest	<u>4,314</u>
<i>Change in Net Position</i>	(221,613)
<i>Net Position Beginning of Year</i>	<u>441,847</u>
<i>Net Position End of Year</i>	<u><u>\$220,234</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	<u>Internal Service</u>
<i>Decrease in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$1,136,725
Cash Payments for Goods and Services	(90,568)
Cash Payments for Claims	<u>(1,315,173)</u>
<i>Net Cash Used for Operating Activities</i>	(269,016)
Cash Flows from Investing Activities	
Interest on Investments	<u>4,314</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(264,702)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>632,436</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$367,734</u></u>
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$225,927)
Adjustments:	
Decrease in Claims Payable	<u>(43,089)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$269,016)</u></u>
See accompanying notes to the basic financial statements	

Crestview Local School District

Columbiana County, Ohio

Statement of Net Position

Fiduciary Fund

June 30, 2015

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$31,871</u>
Liabilities	
Due to Primary Government	\$1,800
Undistributed Monies	<u>30,071</u>
<i>Total Liabilities</i>	<u>\$31,871</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1 – Description of the School District and Reporting Entity

Crestview Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Crestview Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's three instructional/support facilities staffed by 45 non-certified and 88 certified full-time teaching personnel who provide services to approximately 1,295 students and other community members.

The 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. 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 organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Area Cooperative Computerized Educational Service System, Columbiana County Career Center, The Jefferson Health Plan, formerly the Ohio Mid-Eastern Regional Educational Services Agency, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Program. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position 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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the 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 rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column. Fiduciary funds are reported by fund type.

B. 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. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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 is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Capital Projects Fund - The Permanent Improvement Capital Projects Fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Ohio Revised Code.

The other governmental funds of the District account for grants and other resources, and debt service of the District whose uses are restricted, committed or assigned to a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds. The following is a description of the District's internal service fund.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund is a self-insurance fund that accounts for medical, prescription drug, dental and vision claims of the District's employees.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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 therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Measurement Focus

Government-Wide Financial Statements

The statement of net position 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. Internal service fund activity is eliminated to avoid "doubling up" of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

District's internal service fund is charges for services. Operating expenses for the internal service fund include the cost of goods and services and claims expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the proprietary and fiduciary are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources included pension related amounts reported on the government-wide statement of net position. The deferred outflows of resources related to pension are explained in Note 14.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and income taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (see Note 14).

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Data

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 primary level of budgetary control is at the fund level for the general fund and all other funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function or object level within the General Fund and all other funds are made by the Treasurer.

The certificate of estimated resources may be amended during the 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.

F. 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 the District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2015, investments were limited to STAR Ohio. Investments in nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2015.

As authorized by 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 2015 amounted to \$16,530, \$994 of which was assigned from other District funds.

For presentation of the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased. Inventories for governmental funds are accounted for using the consumption method on both the fund financial statements and the government-wide financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable classification in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

I. Restricted Net Position

Assets are reported as restricted net position when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. See Note 19 for additional information regarding set asides.

J. Capital Assets

General capital assets are those assets not specifically related to activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The District's capitalization threshold is five thousand dollars. The District does not possess any infrastructure.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 15 years

K. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net position.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

The entire compensated absence liability is reported on the governmental-wide financial statements.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, claims and judgments and compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include amounts restricted for non-public schools and community involvement.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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.

Q. Bond Issuance Discount

On the government-wide financial statements, bond discounts are deferred and amortized over the term of the bonds using the straight line method. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the bonds payable. On the fund financial statements, bond discounts are expensed in the year the bonds are issued.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers Retirement System (STRS) and School Employees Retirement System (SERS) and additions to/deductions from STRS and SERS's fiduciary net position have been determined on the same basis as they are reported by these pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

S. Operating Revenues and Expenses

Operating revenues are those that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenue or expense not meeting the definition of operating is reported as non-operating.

T. Estimates

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

Note 3 – Change in Accounting Principle & Restatement of Prior Year Net Position

A. Change in Accounting Principles

For fiscal year 2015, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", Statement No. 69, "Government Combinations and Disposals of Government Operations", and Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68."

GASB Statement No. 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The implementation of GASB 68 resulted in an overall restatement of beginning net position, as previously reported.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires the use of carrying values to measure the assets and liabilities in a government merger. It also requires measurements of assets acquired and liabilities assumed to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. The Statement also provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. Disclosures about government combinations and disposals of government operations are required to enable financial statement users to evaluate the nature and financial effects of those transactions. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 71 addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The implementation of GASB 71 resulted in an overall restatement of beginning net position, as previously reported.

B. Restatement of Prior Year Net Position

	Governmental Activities
Net Position at June 30, 2014, as Previously Reported	\$12,775,566
<i>Implementation of GASB 68 and GASB 71:</i>	
Net Pension Liability - STRS	(12,949,089)
Net Pension Liability - SERS	(2,833,652)
<i>Deferred Outflows - District's Contributions Made During Fiscal Year 2014</i>	
STRS	674,156
SERS	193,000
Adjusted Net Position at June 30, 2014	(\$2,140,019)

Note 4 – Accountability

Fund balances at June 30, 2015 included the following individual fund deficits:

Nonmajor Governmental Funds:	Deficit
Food Service Fund	\$156,571
Title I Fund	46,617
Improving Teacher Quality Fund	12,501

The deficit fund balances in these funds are the result of adjustments for accrued liabilities, except for the Food Service fund, which had a negative cash balance at fiscal year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

The Food Service special revenue fund did not comply with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for the deficit in this fund and provides transfers when cash is required.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 5 – Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.
5. *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).

*As part of Governmental Accounting Standards Board No. 54 “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes the public school support special revenue fund.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$343,527)
Net Adjustment for Revenue Accruals	(230,181)
Advances In	1,000
Net Adjustment for Expenditure Accruals	468,224
Net Adjustment for Funds Budgeted as Special Revenue	(7,375)
Advances Out	(1,300)
Adjustment for Encumbrances	<u>(281,014)</u>
Budget Basis	<u><u>(\$394,173)</u></u>

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 6 – 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 that 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 provided that the market value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio 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 provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if trading requirements have been met.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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

Cash on Hand

At fiscal year end, the District had \$427 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

At June 30, 2015, the District's internal service fund had a balance of \$367,734 with the Jefferson Health Plan, a claims servicing pool (See Note 12). The balance is held by the claims administrator in a pooled account, which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, Treasurer, Jefferson County ESC, 2023 Sunset Blvd. Steubenville, Ohio 43952.

Deposits

At June 30, 2015, the carrying amount of all District deposits was \$2,486,958. Based on the criteria described in GASB Statement No. 40, "Deposits And Investment Risk Disclosures", as of June 30, 2015, \$1,397,529 of the District's bank balance of \$2,608,395 was covered by the Federal Deposit Insurance Corporation, while \$1,210,866 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

Investments

As of June 30, 2015, the District had the following investment. All investments are in an internal investment pool.

	Fair Value	Maturity
STAROhio	\$5,443	Six Months or Less

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.

Credit Risk: Standard & Poor's has assigned STAR Ohio and the money market an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk - 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 requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2015:

Investment	Percentage of Investment
STAR Ohio	100.00%

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Position as of June 30, 2015:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$2,486,958	Governmental Activities	\$2,828,691
Investments	5,443	Agency Funds	31,871
Cash with fiscal agent	367,734		
Cash on hand	427		
Total	\$2,860,562		\$2,860,562

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

Note 7 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Permanent Improvement	Nonmajor Governmental	Total
<i>Nonspendable</i>				
Prepays	\$16,449	\$0	\$0	\$16,449
Inventory	37,315	0	1,239	38,554
<i>Total Nonspendable</i>	<u>53,764</u>	<u>0</u>	<u>1,239</u>	<u>55,003</u>
<i>Restricted for</i>				
Classroom Maintenance	0	0	33,004	33,004
Athletics & Music	0	0	80,871	80,871
Project Lead the Way	0	0	50	50
E-Tech Podcast Grant	0	0	84	84
Debt Service Payments	0	0	265,378	265,378
Capital Improvements	0	439,347	0	439,347
<i>Total Restricted</i>	<u>0</u>	<u>439,347</u>	<u>379,387</u>	<u>818,734</u>
<i>Committed to</i>				
College Scholarships	0	0	96,036	96,036
<i>Assigned to</i>				
Encumbrances	246,223	0	0	246,223
Other Purposes	46,242	0	0	46,242
<i>Total Assigned</i>	<u>292,465</u>	<u>0</u>	<u>0</u>	<u>292,465</u>
<i>Unassigned (Deficit)</i>	<u>372,368</u>	<u>0</u>	<u>(216,928)</u>	<u>155,440</u>
<i>Total Fund Balances</i>	<u><u>\$718,597</u></u>	<u><u>\$439,347</u></u>	<u><u>\$259,734</u></u>	<u><u>\$1,417,678</u></u>

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes for 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2015 was \$62,721 in the general fund, \$16,137 in the permanent improvement capital projects fund, and \$1,236 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2014 was \$61,899 in the general fund, \$16,094 in the permanent improvement capital projects fund, and \$1,170 in the classroom facilities maintenance special revenue fund. The difference was in timing and collection by the County Auditor.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$99,788,710	93.67 %	\$99,787,060	92.82 %
Public Utility Personal	6,742,840	6.33	7,723,720	7.18
Total	\$106,531,550	100.00 %	\$107,510,780	100.00 %
 Tax rate per \$1,000 of assessed valuation	 \$33.20		 \$33.20	

Note 9 – School District Income Tax

The voters of the District passed a 1 percent permanent school district income tax in the November 1989 election that became effective January 1, 1990. School district income tax revenue received by the General Fund during fiscal year 2015 was \$1,240,397 on a modified accrual basis.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$250,000	\$0	\$0	\$250,000
Construction in Progress	0	146,872	0	146,872
Total Capital Assets, not being depreciated:	250,000	146,872	0	396,872
Capital Assets, being depreciated:				
Land Improvements	202,768	6,000	0	208,768
Buildings and Building Improvements	22,227,187	7,200	0	22,234,387
Furniture, Fixtures and Equipment	1,068,128	18,604	(5,392)	1,081,340
Vehicles	1,140,888	87,736	(54,722)	1,173,902
Total Capital Assets, being depreciated:	24,638,971	119,540	(60,114)	24,698,397
Less Accumulated Depreciation:				
Land Improvements	(31,724)	(4,686)	0	(36,410)
Buildings and Building Improvements	(7,972,129)	(541,710)	0	(8,513,839)
Furniture, Fixtures and Equipment	(575,127)	(86,754)	5,063	(656,818)
Vehicles	(805,923)	(61,933)	54,722	(813,134)
Total Accumulated Depreciation	(9,384,903)	(695,083)	59,785	(10,020,201)
Total Capital Assets being depreciated, net	15,254,068	(575,543)	(329)	14,678,196
Governmental Activities Capital Assets, Net	\$15,504,068	(\$428,671)	(\$329)	\$15,075,068

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$279,986
Special	53,038
Vocational	9,868
Support Services:	
Pupil	12,746
Instructional Staff	44,759
Administration	57,346
Fiscal	15,776
Business	428
Operation and Maintenance of Plant	64,536
Pupil Transportation	83,719
Operation of Food Services	21,419
Extracurricular Activities	51,462
Total Depreciation Expense	\$695,083

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 11 - Receivables

Receivables at June 30, 2015, consisted of property taxes, income taxes, accounts (rent and student fees) and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables follows:

Property Taxes Receivable	\$2,445,097
Income Taxes Receivable	544,845
Accounts Receivable	3,876
Accrued Interest Receivable	4,137
Total	\$2,997,955

Note 12 – Risk Management

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the District has contracted with the following insurance companies to provide coverage in the following amounts:

Type of Coverage	Coverage	Deductible
Ohio Casualty		
General Liability:		
Each Occurrence	\$1,000,000	\$0
Aggregate	2,000,000	0
Umbrella Liability:		
Each Occurrence	1,000,000	0
Aggregate	3,000,000	0
Ohio Casualty		
Fleet:		
Comprehensive	2,000,000	500
Collision	2,000,000	500
Ohio Casualty		
Building and Contents	42,969,601	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2015.

B. Health and Dental Insurance

The District belongs to the Jefferson Health Plan to self-insure its medical claims. Contributions are determined by the consortium’s board of directors and are remitted monthly to the consortium’s fiscal agent, Jefferson County Educational Service Center, who then pays all incurred claims. Thus actual cash “reserves” are held by the fiscal agent. Settlements have never exceeded insurance coverage.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Professional Risk Management (PRM), a Meritain company and third party administrator, services all health/medical claims submitted by employees. An excess coverage insurance policy covers individual claims in excess of \$50,000 per employee consortium wide.

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$147,500, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Claims in the fund's claims liability during fiscal years 2014 and 2015 were:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2014	\$160,310	1,426,148	1,395,869	\$190,589
2015	190,589	1,272,084	1,315,173	147,500

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

C. OASBO Group Rating Program

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool, which was established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

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

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

Note 13 – Interfund Activity

A. Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close out the funds that are no longer required. During fiscal year 2015, there were no interfund transfers made.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

B. Interfund Receivable/Payable

At June 30, 2015, interfund receivables/payables consisted of two GAAP basis advances made from the general fund to various non-major special revenue funds totaling \$109,885, to cover negative cash balances.

Note 14 – Defined Benefit Pension Plans

A. Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. These GASB pronouncements had an effect on beginning net position as reported at June 30, 2014 (see Note 3). The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. A liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

B. School Employees Retirement System

Plan Description - District non-teaching employees participate in the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, survivor 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, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or Before August 1, 2017*	Eligible to Retire on or After August 1, 2017*
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ending June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund. The District's contractually required contribution to SERS was \$195,465 for the fiscal year ended June 30, 2015. Of this amount \$40,405 was reported as an intergovernmental payable.

C. State Teachers Retirement System

Plan Description - District licensed teachers and other faculty members participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$692,014 for the fiscal year ended June 30, 2015. Of this amount \$121,846 was reported as an intergovernmental payable.

D. Pension Liabilities, Pension Expense and Deferred Outflows of resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$2,411,590	\$10,870,685	\$13,282,275
Proportion of the Net Pension Liability	0.04765100%	0.04469218%	
Pension Expense	\$141,821	\$502,216	\$644,037

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$20,525	\$104,654	\$125,179
District contributions subsequent to the measurement date	195,465	692,014	887,479
Total Deferred Outflows of Resources	\$215,990	\$796,668	\$1,012,658
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$391,408	\$2,011,118	\$2,402,526

\$887,479 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$92,721)	(\$476,616)	(\$569,337)
2017	(92,721)	(476,616)	(569,337)
2018	(92,721)	(476,616)	(569,337)
2019	(92,720)	(476,616)	(569,336)
Total	(\$370,883)	(\$1,906,464)	(\$2,277,347)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 Percent
Future Salary Increases, Including Inflation	4.00 Percent to 22 Percent
COLA or Ad hoc COLA	3 Percent
Investment Rate of Return	7.75 Percent Net Investments Expense, Including Inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
U.S. Stocks	22.50	5.00
Non-U.S. Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's Proportionate Share of the Net Pension Liability	\$3,440,622	\$2,411,590	\$1,546,085

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Projected Salary Increases	2.75 Percent at Age 70 to 12.25 Percent at Age 20
Investment Rate of Return	7.75 Percent, Net of Investment Expenses
Cost of Living Adjustments (COLA)	2% Simple Applied as Follows: For Members Retiring Before August 1, 2013, 2% per Year, For Members Retiring August 1, 2013, or later, 2% COLA paid on Fifth Anniversary of Retirement Date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Fixed Income	18.00	8.00
Alternatives	14.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's Proportionate Share of the Net Pension Liability	\$15,562,571	\$10,870,685	\$6,902,928

E. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2015, four board members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 – Postemployment Benefits

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$27,269.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$12,161, \$22,021 and \$21,270, respectively. For fiscal year 2015, 85 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$46,710, and \$46,402 respectively. The full amount has been contributed for fiscal years 2014 and 2013.

Note 16 – Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 2 weeks of vacation per year after 1 year of service, 3 weeks of vacation per year after 8 years of service, and 4 weeks of vacation per year after 15 years of service. The 4 principals, special education supervisor, superintendent and Treasurer do not earn vacation; their contracts are for a specific number of days and the rest of the year are non-contract days. The high school principal is contracted for 240 days, the middle school principal for 240 days, the elementary principal for 220 days, and the superintendent for 240 days. The Treasurer is contracted for 240 days, the special education supervisor for 220 days, and the assistant principal 220 days. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Certified employees do not earn vacation.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated up to a maximum of 15 days per year for all personnel. The total lifetime maximum sick leave accumulation for personnel is 235 days for certified employees, and 235 days for classified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 47 days for certified employees, and 48 days for classified employees.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

Note 17 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2015 were as follows:

	Principal Outstanding 6/30/14	Additions	Deductions	Principal Outstanding 6/30/15	Amounts due in One Year
General Obligation Bonds:					
<i>2010 Qualified School Construction Bonds</i>					
2010 Series A Bonds - 4.15% - 4.35%	\$800,000	\$0	\$0	\$800,000	\$0
2010 Series B Bonds - 5.67%	3,295,000	0	(235,000)	3,060,000	235,000
Unamortized Issuance Discount	(10,825)	0	668	(10,157)	0
Total Qualified School Construction Bonds	4,084,175	0	(234,332)	3,849,843	235,000
<i>2003 School Facilities Refunding Bonds</i>					
Capital Appreciation Bonds - 7.73%	174,976	0	(90,823)	84,153	84,153
Accretion on Capital Appreciation Bonds	200,764	29,143	(119,177)	110,730	110,730
Total School Facilities Refunding Bonds	375,740	29,143	(210,000)	194,883	194,883
Other Long-Term Obligations:					
Capital Lease - Computer Equipment	134,263	0	(70,870)	63,393	63,393
Lease Purchase Agreement	0	330,000	0	330,000	62,237
Compensated Absences	407,895	38,593	(104,306)	342,182	29,628
Total Other Long-Term Obligations	542,158	368,593	(175,176)	735,575	155,258
<i>Total Before Net Pension Liability</i>	5,002,073	397,736	(619,508)	4,780,301	585,141
Net Pension Liability:					
STRS	12,949,089	0	(2,078,404)	10,870,685	0
SERS	2,833,652	0	(422,062)	2,411,590	0
Total Net Pension Liability	15,782,741	0	(2,500,466)	13,282,275	0
Total Governmental Long-Term Obligations	\$20,784,814	\$397,736	(\$3,119,974)	\$18,062,576	\$585,141

Qualified School Construction Bonds: On September 29, 2010, the District issued Qualified School Construction Bonds of \$4,800,000 (par value) with interest rates ranging from 4.15 percent to 5.67 percent for the performing arts center project. The Series A bonds mature 9/15/2030 and the Series B bonds mature 9/15/2027. The bonds were issued at a discount of \$13,320 and, after paying issuance costs of \$189,719, the net proceeds were \$4,596,961.

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District.

Refunding bonds, series 2003: On November 15, 2003, the District issued general obligation bonds in order to advance refund the entire outstanding balance of the current interest construction bonds, series 1993. Proceeds of the issuance were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$2,200,000, and capital appreciation bonds, par value \$279,997. The interest rates on the current interest bonds range from 1.50 percent to 3.50 percent. The capital appreciation bonds mature on December 1, 2015 at a redemption price equal to 100 percent of the principal plus accreted interest to the redemption date. The present value (as of the issue date) reported on the statement of net position at June 30, 2015 is \$84,153. Total accreted interest of \$110,730 has been included on the statement of net position.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Neither the current interest bonds nor the capital appreciation bonds are subject to early redemption.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity of the current interest bonds was December 1, 2012. The bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. The source of payment is derived from the current 5.92 mill bonded debt tax levy.

Lease Purchase Agreement: On June 26, 2015, the District issued a lease purchase agreement, in the amount of \$330,000 and is scheduled to mature on July 1, 2020. The proceeds of the lease agreement will be used to renovate the District's high school auditorium into classroom space.

Compensated absences will be paid from the general fund and the food service special revenue fund.

The School District's overall legal debt margin was \$9,857,195 with an unvoted debt margin of \$107,511 at June 30, 2015.

Principal requirements to retire general obligation debt outstanding at June 30, 2015, are as follows:

Fiscal Year Ended	<u>Capital Appreciation Bonds, Series 2003</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	<u>\$84,153</u>	<u>\$125,847</u>	<u>\$210,000</u>

Accreted interest on the 2003 School Facilities Refunding Bonds at June 30, 2015 totaled \$110,730. Accreted interest of \$15,117 will be added during fiscal year 2016 for a total maturity of \$125,847.

Fiscal Year Ended	<u>Q.S.C.B.'s, Series 2010 A</u>			<u>Q.S.C.B.'s, Series 2010 B</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>***Interest</u>	<u>Total</u>
2016	\$0	\$34,025	\$34,025	\$235,000	\$224,680	\$459,680
2017	0	34,025	34,025	235,000	224,680	459,680
2018	0	34,025	34,025	235,000	224,680	459,680
2019	0	34,025	34,025	235,000	224,680	459,680
2020	0	34,025	34,025	235,000	224,680	459,680
2021 - 2025	0	170,125	170,125	1,175,000	1,123,400	2,298,400
2026 - 2030	520,000	148,620	668,620	710,000	561,700	1,271,700
2031	<u>280,000</u>	<u>6,090</u>	<u>286,090</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$800,000</u>	<u>\$494,960</u>	<u>\$1,294,960</u>	<u>\$3,060,000</u>	<u>\$2,808,500</u>	<u>\$5,868,500</u>

Fiscal Year Ended	<u>Lease Purchase Agreement - 2015</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$62,237	\$9,522	\$71,759
2017	64,158	7,601	71,759
2018	65,979	5,780	71,759
2019	67,853	3,906	71,759
2020	<u>69,773</u>	<u>1,986</u>	<u>71,759</u>
Total	<u>\$330,000</u>	<u>\$28,795</u>	<u>\$358,795</u>

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

***Interest payments made on the 2010 Series B Qualified School Construction Bonds are being offset by tax credits received from the Federal government in the approximate amount of \$2,883,543 through 2030. These tax credits will reduce the net amount of interest paid by the District over the life of the bonds to \$1,139,978.

The District pays obligations related to employee compensation from the fund benefitting from their service, including the general fund, food service, Title I and improving teacher quality non-major special revenue funds.

Note 18 - Capitalized Leases

In prior fiscal years, the District entered into capitalized leases for the construction of a football stadium and track, a wireless network and laptop computers for students. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The football stadium and track have been capitalized in the amount of \$956,000, the present value of the minimum lease payments at the inception of the lease. The wireless network and laptops have been capitalized in the amount of \$270,240, the present value of the minimum lease payments at the inception of the lease.

The assets acquired through capital leases are as follows:

<i>Assets:</i>	<u>Governmental Activities</u>
Football Stadium and Track	\$956,000
Wireless Network and Licenses	40,720
434 Laptop Computers	<u>229,520</u>
Historical Cost	1,226,240
Less: Accumulated Depreciation	<u>(939,716)</u>
Total Book Value as of June 30, 2015	<u><u>\$286,524</u></u>

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

<u>Fiscal Year Ending June 30,</u>	
2016 - Total Minimum Lease Payments	\$65,627
Less: Amount Representing Interest	<u>(2,234)</u>
Present Value of Minimum Lease	<u><u>\$63,393</u></u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the general fund and the permanent improvement capital projects fund. These expenditures are reflected as program expenditures on a budgetary basis.

Note 19 - Set-Aside Calculation

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

The following cash basis information describes the change in the year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2014	\$0
Current Year Set-Aside Requirement	217,498
Current year offsets	(910,907)
Total	(\$693,409)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Cash balance as of June 30, 2015	\$0

Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 20 – Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of twenty-six school districts in Mahoning and Columbiana Counties, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid \$35,179 to ACCESS during fiscal year 2015. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 222, Boardman, Ohio, 44512.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

B. Columbiana County Career Center

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

Note 21 – Group Purchasing Pools

A. Jefferson Health Plan

The District is a participant with several other school districts in an insurance purchasing pool to operate the Jefferson Health Plan (the Plan), formerly known as the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). The Plan was formed for the purpose of providing insurance. The Plan is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board.

B. Ohio Association of Schools Business Officials Workers' Compensation Group Rating Program

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

Note 22 - 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, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

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

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

C. School District Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

Note 23 – Subsequent Event

In August of 2015, the District entered into a purchase agreement to buy residential real estate on Crestview Drive in Columbiana, Ohio, at a price of \$77,500.

Crestview Local School District

Columbiana County, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio (SERS)

Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.04765100%	0.04765100%
School District's Proportion Share of the Net Pension Liability	\$2,411,590	\$2,833,652
School District's Covered-Employee Payroll	\$1,392,496	\$1,284,086
School District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	173.18%	220.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Crestview Local School District

Columbiana County, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio (STRS)

Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.044692180%	0.044692180%
School District's Proportion Share of the Net Pension Liability	\$10,870,685	\$12,949,089
School District's Covered-Employee Payroll	\$5,185,815	\$4,640,177
School District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	209.62%	279.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Crestview Local School District

Columbiana County, Ohio

*Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio (SERS)
Last Three Fiscal Years (1)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$195,465	\$193,000	\$177,717
Contributions in Relation to the Contractually Required Contribution	(\$195,465)	(\$193,000)	(\$177,717)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,483,046	\$1,392,496	\$1,284,086
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%

(1) Information prior to 2013 available upon request.

Crestview Local School District

Columbiana County, Ohio

*Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio (STRS)
Last Three Fiscal Years (1)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$692,014	\$674,156	\$603,223
Contributions in Relation to the Contractually Required Contribution	(\$692,014)	(\$674,156)	(\$603,223)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered-Employee Payroll	\$4,942,960	\$5,185,815	\$4,640,177
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%

(1) Information prior to 2013 available upon request.

This page intentionally left blank.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<i>Nutrition Cluster:</i>			
<i>Non-Cash Assistance (Food Distribution):</i>			
National School Lunch Program	10.555		\$33,720
<i>Cash Assistance:</i>			
School Breakfast Program	10.553	\$45,876	
National School Lunch Program	10.555	<u>183,042</u>	
Total U.S. Department of Agriculture - Nutrition Cluster		<u>228,918</u>	<u>33,720</u>
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	84.010	195,503	
Improving Teacher Quality State Grants (Title II-A)	84.367	59,624	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	<u>4,054</u>	
Total U.S. Department of Education		<u>259,181</u>	
Totals		<u>\$ 488,099</u>	<u>\$ 33,720</u>

The accompanying notes are an integral part of this schedule.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARD EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the "Schedule") reports the Crestview Local School District's (the "District's") federal award programs' 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 entitlement 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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Columbiana County, (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2015. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standard No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 29, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Crestview Local School District's (the "District") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Crestview Local School District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Crestview Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

www.ohioauditor.gov

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 29, 2015

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	The Treasurer received a supplemental contract to manage federal grant funds.	Yes	Finding No Longer Valid

This page intentionally left blank.



Dave Yost • Auditor of State

CRESTVIEW LOCAL SCHOOL DISTRICT

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 2, 2016**