

CRESTVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

GENERAL PURPOSE FINANCIAL STATEMENTS

For The Year Ended June 30, 1999

*LaVallee & Company*

CERTIFIED PUBLIC ACCOUNTANTS

**CRESTVIEW LOCAL SCHOOL DISTRICT**

**VAN WERT COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**For The Year Ended June 30, 1999**

# CRESTVIEW LOCAL SCHOOL DISTRICT

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CRESTVIEW LOCAL SCHOOL DISTRICT

ELECTED OFFICIALS  
As Of June 30, 1999

| <u>NAME</u>               | <u>TITLE</u> | <u>TERM OF OFFICE</u> | <u>SURETY</u> | <u>AMOUNT</u> | <u>PERIOD</u>    |
|---------------------------|--------------|-----------------------|---------------|---------------|------------------|
| <u>Board of Education</u> |              |                       |               |               |                  |
| John Auld                 | President    | 1/1/96-12/31/99       | (A)           | \$20,000      | 1/1/96<br>1/1/00 |
| Ann Helm                  | Member       | 1/1/96-12/31/99       | (A)           | 20,000        | 1/1/96<br>1/1/00 |
| Brad Baxter               | Member       | 1/1/98-12/31/02       | (A)           | 20,000        | 1/1/98<br>1/1/03 |
| Brad Gibson               | Member       | 1/1/98-12/31/02       | (A)           | 20,000        | 1/1/98<br>1/1/03 |
| Joel Sutton               | Member       | 1/1/98-12/31/02       | (A)           | 20,000        | 1/1/98<br>1/1/03 |

Legal Counsel

Charles F. Kennedy,  
Prosecuting  
Attorney

Retained Legal Counsel

Scott, Scriven & Wahoff

(A) Nationwide Mutual Insurance Company (Position Bond)

CRESTVIEW LOCAL SCHOOL DISTRICT

ADMINISTRATIVE PERSONNEL

As Of June 30, 1999

| <u>TITLE</u>              | <u>CONTRACT PERIOD</u> | <u>SURETY</u> | <u>AMOUNT</u> | <u>PERIOD</u>      |
|---------------------------|------------------------|---------------|---------------|--------------------|
| <u>Treasurer</u>          |                        |               |               |                    |
| Laura A. Metzger          | 1/1/99 - 12/31/03      | (A)           | \$20,000      | 1/1/99<br>12/31/03 |
| <br><u>Superintendent</u> |                        |               |               |                    |
| Dr. Beth A. Hargreaves    | 8/1/98 - 7/31/01       | (A)           | \$20,000      | 1/1/97<br>12/31/99 |

(A) The Hartford Insurance Group

CRESTVIEW LOCAL SCHOOL DISTRICT

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

General Fund

Special Revenue Fund Types:

Public School Support Fund

Student Activity Funds

Local Professional Development Block Grant Fund

Management Information System Fund

Title VI - B Education of the Handicapped Act Fund

Title I - Education Consolidation Improvement Act Fund

Title II - Education Consolidation Improvement Act Fund

Early Childhood Education Development Fund

Debt Service Fund Type:

Bond Retirement Fund

Capital Projects Fund Types:

Permanent Improvement Fund

Vocational Education Equipment Fund

SchoolNet Fund

PROPRIETARY FUND TYPES:

Enterprise Fund Types:

Food Services Fund

Uniform School Supplies Fund

Latchkey Fund

Internal Service Fund Type:

Rotary Fund

FIDUCIARY FUND TYPES:

Trust Fund Type:

Expendable Trust Fund:

Special Trust Fund

Agency Fund Types:

District Agency Fund

Student Activity Fund



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

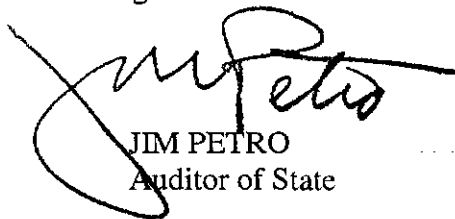
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Board of Education  
Crestview Local School District  
Convoy, Ohio

We have reviewed the Independent Auditor's Report of the Crestview Local School District, Van Wert County, prepared by LaVallee & Company, for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO  
Auditor of State

February 2, 2000

# LaVallee & Company

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

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Lima, Ohio 45805  
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Alan L. LaVallee, CPA  
Neil J. Reichenbach, CPA

January 5, 2000

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

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the Crestview Local School District as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Crestview Local School District, as of June 30, 1999, and the results of its operations and cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 5, 2000 on our consideration of the District's compliance with laws and regulations and its internal control over financial reporting.

*LaVallee & Company, CPA's*



**Crestview Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 1999**

|  | <b>Governmental Fund Types</b> |                            |                         |                             |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |
| <b>ASSETS AND OTHER DEBITS</b>                                       |                                |                            |                         |                             |
| Cash   | \$1,565,793                    | \$110,861                  | \$96,013                | \$306,857                   |
| Restricted Cash  | 53,915                         | -                          | -                       | -                           |
| Receivables:   |                                |                            |                         |                             |
| Taxes  | 1,369,592                      | -                          | 268,675                 | 293,656                     |
| Accounts   | 127                            | 2,568                      | -                       | -                           |
| Accrued Interest   | 5,458                          | 7,015                      | -                       | -                           |
| Intergovernmental  | -                              | -                          | -                       | -                           |
| Prepaid Items  | 10,753                         | -                          | -                       | -                           |
| Inventory  | -                              | -                          | -                       | -                           |
| Fixed Assets (Net, where applicable,<br>of Accumulated Depreciation) | -                              | -                          | -                       | -                           |
| Amount Available in Debt Service Fund                                | -                              | -                          | -                       | -                           |
| Amount to be Provided for Retirement of<br>General Long-Term Debt    | -                              | -                          | -                       | -                           |
| <b>Total Assets and Other Debits</b>                                 | <b>\$3,005,638</b>             | <b>\$120,444</b>           | <b>\$364,688</b>        | <b>\$600,513</b>            |
| <b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>                    |                                |                            |                         |                             |
| <b>Liabilities:</b>  |                                |                            |                         |                             |
| Accounts Payable   | \$2,760                        | \$20                       | \$ -                    | \$ -                        |
| Accrued Salaries and Benefits  | 595,171                        | 194                        | -                       | -                           |
| Compensated Absences Payable   | 5,114                          | -                          | -                       | -                           |
| Intergovernmental Payable  | 74,832                         | 1,862                      | -                       | -                           |
| Deferred Revenue   | 1,235,818                      | -                          | 242,836                 | 287,105                     |
| Due to Students  | -                              | -                          | -                       | -                           |
| Bonds Payable  | -                              | -                          | -                       | -                           |
| <b>Total Liabilities</b>   | <b>1,913,695</b>               | <b>2,076</b>               | <b>242,836</b>          | <b>287,105</b>              |
| <b>Fund Equity and Other Credits:</b>                                |                                |                            |                         |                             |
| Investment in General Fixed Assets                                   | -                              | -                          | -                       | -                           |
| Retained Earnings  | -                              | -                          | -                       | -                           |
| Fund Balance:  |                                |                            |                         |                             |
| Reserved for Trusts  | -                              | -                          | -                       | -                           |
| Reserved for Encumbrances  | 38,356                         | 12,251                     | -                       | 35,409                      |
| Reserved for Prepaid Items   | 10,753                         | -                          | -                       | -                           |
| Reserved for Debt Service  | -                              | -                          | 96,013                  | -                           |
| Reserved for Taxes   | 133,774                        | -                          | 25,839                  | 6,551                       |
| Reserved for Budget Stabilization                                    | 53,915                         | -                          | -                       | -                           |
| Unreserved   | 855,145                        | 106,117                    | -                       | 271,448                     |
| <b>Total Fund Equity and Other Credits</b>                           | <b>1,091,943</b>               | <b>118,368</b>             | <b>121,852</b>          | <b>313,408</b>              |
| <b>Total Liabilities, Fund Equity<br/>and Other Credits</b>          | <b>\$3,005,638</b>             | <b>\$120,444</b>           | <b>\$364,688</b>        | <b>\$600,513</b>            |

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

| <u>Proprietary Fund Types</u> |                         | <u>Fiduciary Fund Types</u> | <u>Account Groups</u>       |                                      | <u>Totals (Memorandum Only)</u> |
|-------------------------------|-------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------------|
| <u>Enterprise</u>             | <u>Internal Service</u> | <u>Trust and Agency</u>     | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> |                                 |
| \$68,646                      | \$17                    | \$23,574                    | \$ -                        | \$ -                                 | \$2,171,761                     |
| -                             | -                       | -                           | -                           | -                                    | 53,915                          |
| -                             | -                       | -                           | -                           | -                                    | 1,931,923                       |
| 1,453                         | -                       | -                           | -                           | -                                    | 4,148                           |
| -                             | -                       | -                           | -                           | -                                    | 12,473                          |
| 6,942                         | -                       | -                           | -                           | -                                    | 6,942                           |
| -                             | -                       | -                           | -                           | -                                    | 10,753                          |
| 9,587                         | -                       | -                           | -                           | -                                    | 9,587                           |
| 157,936                       | -                       | -                           | 15,891,540                  | -                                    | 16,049,476                      |
| -                             | -                       | -                           | -                           | 121,852                              | 121,852                         |
| -                             | -                       | -                           | -                           | 2,059,627                            | 2,059,627                       |
| <b>\$244,564</b>              | <b>\$17</b>             | <b>\$23,574</b>             | <b>\$15,891,540</b>         | <b>\$2,181,479</b>                   | <b>\$22,432,457</b>             |

|               |          |               |          |                  |                  |
|---------------|----------|---------------|----------|------------------|------------------|
| \$519         | \$ -     | \$ -          | \$ -     | \$ -             | \$3,299          |
| 13,487        | -        | -             | -        | -                | 608,852          |
| 8,473         | -        | -             | -        | 237,814          | 251,401          |
| 10,276        | -        | -             | -        | 28,832           | 115,802          |
| 5,569         | -        | -             | -        | -                | 1,771,328        |
| -             | -        | 12,231        | -        | -                | 12,231           |
| -             | -        | -             | -        | 1,914,833        | 1,914,833        |
| <b>38,324</b> | <b>-</b> | <b>12,231</b> | <b>-</b> | <b>2,181,479</b> | <b>4,677,746</b> |

|                  |             |                 |                     |                    |                     |
|------------------|-------------|-----------------|---------------------|--------------------|---------------------|
| -                | -           | -               | 15,891,540          | -                  | 15,891,540          |
| 206,240          | -           | -               | -                   | -                  | 206,240             |
| -                | 17          | -               | -                   | -                  | 17                  |
| -                | -           | -               | -                   | -                  | 86,016              |
| -                | -           | -               | -                   | -                  | 10,753              |
| -                | -           | -               | -                   | -                  | 96,013              |
| -                | -           | -               | -                   | -                  | 166,164             |
| -                | -           | -               | -                   | -                  | 53,915              |
| -                | -           | 11,343          | -                   | -                  | 1,244,053           |
| <b>206,240</b>   | <b>17</b>   | <b>11,343</b>   | <b>15,891,540</b>   | <b>-</b>           | <b>17,754,711</b>   |
| <b>\$244,564</b> | <b>\$17</b> | <b>\$23,574</b> | <b>\$15,891,540</b> | <b>\$2,181,479</b> | <b>\$22,432,457</b> |

**Crestview Local School District  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types and Similar Fiduciary Funds  
 For the Fiscal Year Ended June 30, 1999**

|   | <u>Governmental Fund Types</u> |                            |
|---|--------------------------------|----------------------------|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |
| <b>Revenues:</b>  |                                |                            |
| Taxes   | \$1,551,673                    | \$25,507                   |
| Tuition and Fees  | 20,053                         | -                          |
| Intergovernmental   | 3,274,319                      | 147,327                    |
| Interest  | 131,578                        | 426                        |
| Extracurricular Activities  | -                              | 133,960                    |
| Rent  | 3,256                          | -                          |
| Gifts and Donations   | -                              | 22,672                     |
| <b>Total Revenues</b>   | <b>4,980,879</b>               | <b>329,892</b>             |
| <b>Expenditures:</b>  |                                |                            |
| Current:  |                                |                            |
| Instruction:  |                                |                            |
| Regular   | 2,479,407                      | 30,230                     |
| Special   | 488,518                        | 75,951                     |
| Vocational  | 127,240                        | -                          |
| Adult/Continuing  | -                              | 1,552                      |
| Other   | 7,267                          | -                          |
| Support Services:   |                                |                            |
| Pupils  | 210,460                        | 5,409                      |
| Instruction   | 66,067                         | 13,144                     |
| Board of Education  | 16,523                         | -                          |
| Administration  | 524,947                        | 2,462                      |
| Fiscal  | 219,480                        | -                          |
| Operation and Maintenance   | 368,962                        | 20,420                     |
| Transportation  | 223,601                        | -                          |
| Central Services  | 44,791                         | -                          |
| Extracurricular Activities  | 132,374                        | 166,737                    |
| Capital Outlay  |                                |                            |
| Capital Outlay  | 47,647                         | -                          |
| Debt Service:   |                                |                            |
| Principal   | -                              | -                          |
| Interest  | -                              | -                          |
| <b>Total Expenditures</b>   | <b>4,957,284</b>               | <b>315,905</b>             |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>                                      | <b>23,595</b>                  | <b>13,987</b>              |
| <b>Other Financing Sources (Uses):</b>  |                                |                            |
| Other Revenues  | 103                            | 1,237                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>103</b>                     | <b>1,237</b>               |
| <b>Excess (Deficiency) of Revenues and Other Sources<br/>Over (Under) Expenditures and Other Uses</b> | <b>23,698</b>                  | <b>15,224</b>              |
| <b>Fund Balances at Beginning of Year</b>   | <b>1,068,245</b>               | <b>103,144</b>             |
| <b>Fund Balances at End of Year</b>   | <b>\$1,091,943</b>             | <b>\$118,368</b>           |

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

| <u>Governmental Fund Types</u> |                 | <u>Fiduciary</u>  |               |
|--------------------------------|-----------------|-------------------|---------------|
| <u>Debt</u>                    | <u>Capital</u>  | <u>Fund Type</u>  | Totals        |
| <u>Service</u>                 | <u>Projects</u> | <u>Expendable</u> | (Memorandum   |
|                                |                 | <u>Trust</u>      | <u>Only</u> ) |
| \$266,549                      | \$76,878        | \$ -              | \$1,920,607   |
| -                              | -               | -                 | 20,053        |
| 31,559                         | 138,998         | -                 | 3,592,203     |
| -                              | -               | -                 | 132,004       |
| -                              | -               | -                 | 133,960       |
| -                              | -               | -                 | 3,256         |
| -                              | -               | 18,983            | 41,655        |
| 298,108                        | 215,876         | 18,983            | 5,843,738     |
| -                              | 12,960          | 15,051            | 2,537,648     |
| -                              | -               | 6,807             | 571,276       |
| -                              | 565             | -                 | 127,805       |
| -                              | -               | -                 | 1,552         |
| -                              | -               | -                 | 7,267         |
| -                              | -               | -                 | 215,869       |
| -                              | -               | -                 | 79,211        |
| -                              | -               | -                 | 16,523        |
| -                              | -               | -                 | 527,409       |
| 7,854                          | 2,087           | -                 | 229,421       |
| -                              | 117,738         | -                 | 507,120       |
| -                              | -               | -                 | 223,601       |
| -                              | -               | -                 | 44,791        |
| -                              | -               | -                 | 299,111       |
| -                              | 103,439         | -                 | 151,086       |
| 205,000                        | -               | -                 | 205,000       |
| 87,360                         | -               | -                 | 87,360        |
| 300,214                        | 236,789         | 21,858            | 5,832,050     |
| (2,106)                        | (20,913)        | (2,875)           | 11,688        |
| -                              | -               | -                 | 1,340         |
| -                              | -               | -                 | 1,340         |
| (2,106)                        | (20,913)        | (2,875)           | 13,028        |
| 123,958                        | 334,321         | 14,218            | 1,643,886     |
| \$121,852                      | \$313,408       | \$11,343          | \$1,656,914   |

**CRESTVIEW LOCAL SCHOOL DISTRICT  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Similar Fiduciary Funds  
 For the Fiscal Year Ended June 30, 1999**

|   | <b>Governmental Fund Types</b> |                    |  |
|---|--------------------------------|--------------------|--|
|   | General Fund                   |                    |  |
|   | <u>Revised<br/>Budget</u>      | <u>Actual</u>      | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>  |                                |                    |  |
| Taxes   | \$1,549,193                    | \$1,549,193        | \$ -                                   |
| Tuition and Fees  | 19,926                         | 19,926             | -                                      |
| Intergovernmental   | 3,277,518                      | 3,277,518          | -                                      |
| Interest  | 130,993                        | 130,993            | -                                      |
| Rent  | 3,256                          | 3,256              | -                                      |
| Extracurricular Activities  | -                              | -                  | -                                      |
| Gifts and Donations   | -                              | -                  | -                                      |
| <b>Total Revenues</b>   | <b>4,980,886</b>               | <b>4,980,886</b>   | <b>-</b>                               |
| <b>Expenditures:</b>  |                                |                    |  |
| Current:  |                                |                    |  |
| Instruction:  |                                |                    |  |
| Regular   | 2,501,464                      | 2,466,315          | 35,149                                 |
| Special   | 534,458                        | 482,998            | 51,460                                 |
| Vocational  | 128,352                        | 126,652            | 1,700                                  |
| Adult/Continuing  | -                              | -                  | -                                      |
| Other   | 12,030                         | 7,583              | 4,447                                  |
| Support Services:   |                                |                    |  |
| Pupils  | 223,587                        | 204,863            | 18,724                                 |
| Instruction   | 73,778                         | 67,526             | 6,252                                  |
| Board of Education  | 16,960                         | 15,608             | 1,352                                  |
| Administration  | 456,206                        | 394,302            | 61,904                                 |
| Fiscal  | 169,667                        | 156,821            | 12,846                                 |
| Operation and Maintenance   | 404,442                        | 383,059            | 21,383                                 |
| Transportation  | 270,876                        | 241,367            | 29,509                                 |
| Central Services  | 88,030                         | 47,726             | 40,304                                 |
| Extracurricular Activities  | 169,313                        | 129,629            | 39,684                                 |
| Capital Outlay  | 128,216                        | 45,902             | 82,314                                 |
| Debt Service:   |                                |                    |  |
| Principal   | -                              | -                  | -                                      |
| Interest  | -                              | -                  | -                                      |
| <b>Total Expenditures</b>   | <b>5,177,379</b>               | <b>4,770,351</b>   | <b>407,028</b>                         |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures                                  | (196,493)                      | 210,535            | 407,028                                |
| <b>Other Financing Sources (Uses):</b>  |                                |                    |  |
| Proceeds from Sale of Fixed Assets  | 103                            | 103                | -                                      |
| Refund of Prior Year Expenditures   | 8,429                          | 8,429              | -                                      |
| Other Financing Sources   | -                              | -                  | -                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>8,532</b>                   | <b>8,532</b>       | <b>-</b>                               |
| Excess (Deficiency) of Revenues and Other Sources<br>Over (Under) Expenditures and Other Uses | (187,961)                      | 219,067            | 407,028                                |
| Fund Balances (Deficit) at Beginning of Year  | 1,301,132                      | 1,301,132          | -                                      |
| Prior Year Encumbrances Appropriated  | 61,153                         | 61,153             | -                                      |
| <b>Fund Balances (Deficit) at End of Year</b>   | <b>\$1,174,324</b>             | <b>\$1,581,352</b> | <b>\$407,028</b>                       |

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

### Governmental Fund Types

| Special Revenue Funds |          |  | Debt Service Fund |           |  |
|-----------------------|----------|--|-------------------|-----------|--|
| Revised<br>Budget     | Actual   | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| \$25,507              | \$25,507 | \$ -                                   | \$265,704         | \$265,704 | \$ -                                   |
| -                     | -        | -                                      | -                 | -         | -                                      |
| 140,313               | 140,313  | -                                      | 31,559            | 31,559    | -                                      |
| 464                   | 464      | -                                      | -                 | -         | -                                      |
| -                     | -        | -                                      | -                 | -         | -                                      |
| 132,967               | 132,967  | -                                      | -                 | -         | -                                      |
| 22,672                | 22,672   | -                                      | -                 | -         | -                                      |
| 321,923               | 321,923  | -                                      | 297,263           | 297,263   | -                                      |
| 32,027                | 30,226   | 1,801                                  | -                 | -         | -                                      |
| 75,719                | 75,359   | 360                                    | -                 | -         | -                                      |
| -                     | -        | -                                      | -                 | -         | -                                      |
| 3,980                 | 1,552    | 2,428                                  | -                 | -         | -                                      |
| -                     | -        | -                                      | -                 | -         | -                                      |
| 17,273                | 16,750   | 523                                    | -                 | -         | -                                      |
| 19,595                | 17,995   | 1,600                                  | -                 | -         | -                                      |
| -                     | -        | -                                      | -                 | -         | -                                      |
| 2,300                 | 2,456    | (156)                                  | -                 | -         | -                                      |
| -                     | -        | -                                      | 7,854             | 7,854     | -                                      |
| 34,487                | 20,420   | 14,067                                 | -                 | -         | -                                      |
| -                     | -        | -                                      | -                 | -         | -                                      |
| -                     | -        | -                                      | -                 | -         | -                                      |
| 175,404               | 167,850  | 7,554                                  | -                 | -         | -                                      |
| -                     | -        | -                                      | -                 | -         | -                                      |
| -                     | -        | -                                      | 205,000           | 205,000   | -                                      |
| -                     | -        | -                                      | 87,360            | 87,360    | -                                      |
| 360,785               | 332,608  | 28,177                                 | 300,214           | 300,214   | -                                      |
| (38,862)              | (10,685) | 28,177                                 | (2,951)           | (2,951)   | -                                      |
| -                     | -        | -                                      | -                 | -         | -                                      |
| (744)                 | (744)    | -                                      | -                 | -         | -                                      |
| 82                    | 82       | -                                      | -                 | -         | -                                      |
| (662)                 | (662)    | -                                      | -                 | -         | -                                      |
| (39,524)              | (11,347) | 28,177                                 | (2,951)           | (2,951)   | -                                      |
| 95,041                | 95,041   | -                                      | 98,964            | 98,964    | -                                      |
| 14,916                | 14,916   | -                                      | -                 | -         | -                                      |
| \$70,433              | \$98,610 | \$28,177                               | \$96,013          | \$96,013  | \$ -                                   |

**CRESTVIEW LOCAL SCHOOL DISTRICT  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Similar Fiduciary Funds  
 For the Fiscal Year Ended June 30, 1999**

|   | <b>Governmental Fund Types</b> |                  |  |
|---|--------------------------------|------------------|--|
|   | Capital Projects Funds         |                  |  |
|   | <u>Revised<br/>Budget</u>      | <u>Actual</u>    | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>  |                                |                  |  |
| Taxes   | \$76,804                       | \$76,804         | \$ -                                   |
| Tuition and Fees  | -                              | -                | -                                      |
| Intergovernmental   | 261,332                        | 261,332          | -                                      |
| Interest  | -                              | -                | -                                      |
| Rent  | -                              | -                | -                                      |
| Extracurricular Activities  | -                              | -                | -                                      |
| Gifts and Donations   | -                              | -                | -                                      |
| <b>Total Revenues</b>   | <b>338,136</b>                 | <b>338,136</b>   | <b>-</b>                               |
| <b>Expenditures:</b>  |                                |                  |  |
| Current:  |                                |                  |  |
| Instruction:  |                                |                  |  |
| Regular   | 104,545                        | 104,517          | 28                                     |
| Special   | -                              | -                | -                                      |
| Vocational  | 566                            | 566              | -                                      |
| Adult/Continuing  | -                              | -                | -                                      |
| Other   | -                              | -                | -                                      |
| Support Services:   |                                |                  |  |
| Pupils  | -                              | -                | -                                      |
| Instruction   | -                              | -                | -                                      |
| Board of Education  | -                              | -                | -                                      |
| Administration  | -                              | -                | -                                      |
| Fiscal  | 2,087                          | 2,087            | -                                      |
| Operation and Maintenance   | 119,237                        | 117,737          | 1,500                                  |
| Transportation  | -                              | -                | -                                      |
| Central Services  | -                              | -                | -                                      |
| Extracurricular Activities  | -                              | -                | -                                      |
| Capital Outlay  | 139,276                        | 138,848          | 428                                    |
| Debt Service:   |                                |                  |  |
| Principal   | -                              | -                | -                                      |
| Interest  | -                              | -                | -                                      |
| <b>Total Expenditures</b>   | <b>365,711</b>                 | <b>363,755</b>   | <b>1,956</b>                           |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures                                  | <b>(27,575)</b>                | <b>(25,619)</b>  | <b>1,956</b>                           |
| <b>Other Financing Sources (Uses):</b>  |                                |                  |  |
| Proceeds from Sale of Fixed Assets  | -                              | -                | -                                      |
| Refund of Prior Year Expenditures   | -                              | -                | -                                      |
| Other Financing Sources   | -                              | -                | -                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>-</b>                       | <b>-</b>         | <b>-</b>                               |
| Excess (Deficiency) of Revenues and Other Sources<br>Over (Under) Expenditures and Other Uses | <b>(27,575)</b>                | <b>(25,619)</b>  | <b>1,956</b>                           |
| Fund Balances (Deficit) at Beginning of Year  | 172,399                        | 172,399          | -                                      |
| Prior Year Encumbrances Appropriated  | 124,668                        | 124,668          | -                                      |
| <b>Fund Balances (Deficit) at End of Year</b>   | <b>\$269,492</b>               | <b>\$271,448</b> | <b>\$1,956</b>                         |

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

| <b>Fiduciary Fund Types</b>   |                 |   |
|-------------------------------|-----------------|---|
| <u>Expendable Trust Funds</u> |                 |   |
| <u>Revised Budget</u>         | <u>Actual</u>   | <u>Variance Favorable (Unfavorable)</u> |
| \$ -                          | \$ -            | \$ -                                    |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| 18,984                        | 18,984          | -                                       |
| <u>18,984</u>                 | <u>18,984</u>   | <u>-</u>                                |
| 15,051                        | 15,051          | -                                       |
| 7,279                         | 6,807           | 472                                     |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| 22,330                        | 21,858          | 472                                     |
| <u>(3,346)</u>                | <u>(2,874)</u>  | <u>472</u>                              |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| -                             | -               | -                                       |
| (3,346)                       | (2,874)         | 472                                     |
| 14,217                        | 14,217          | -                                       |
| -                             | -               | -                                       |
| <u>\$10,871</u>               | <u>\$11,343</u> | <u>\$472</u>                            |

| <b>Totals</b>            |                    |   |
|--------------------------|--------------------|---|
| <u>(Memorandum Only)</u> |                    |   |
| <u>Revised Budget</u>    | <u>Actual</u>      | <u>Variance Favorable (Unfavorable)</u> |
| \$1,917,208              | \$1,917,208        | \$ -                                    |
| 19,926                   | 19,926             | -                                       |
| 3,710,722                | 3,710,722          | -                                       |
| 131,457                  | 131,457            | -                                       |
| 3,256                    | 3,256              | -                                       |
| 132,967                  | 132,967            | -                                       |
| 41,656                   | 41,656             | -                                       |
| <u>5,957,192</u>         | <u>5,957,192</u>   | <u>-</u>                                |
| 2,653,087                | 2,616,109          | 36,978                                  |
| 617,456                  | 565,164            | 52,292                                  |
| 128,918                  | 127,218            | 1,700                                   |
| 3,980                    | 1,552              | 2,428                                   |
| 12,030                   | 7,583              | 4,447                                   |
| 240,860                  | 221,613            | 19,247                                  |
| 93,373                   | 85,521             | 7,852                                   |
| 16,960                   | 15,608             | 1,352                                   |
| 458,506                  | 396,758            | 61,748                                  |
| 179,608                  | 166,762            | 12,846                                  |
| 558,166                  | 521,216            | 36,950                                  |
| 270,876                  | 241,367            | 29,509                                  |
| 88,030                   | 47,726             | 40,304                                  |
| 344,717                  | 297,479            | 47,238                                  |
| 267,492                  | 184,750            | 82,742                                  |
| -                        | -                  | -                                       |
| 205,000                  | 205,000            | -                                       |
| 87,360                   | 87,360             | -                                       |
| <u>6,226,419</u>         | <u>5,788,786</u>   | <u>437,633</u>                          |
| <u>(269,227)</u>         | <u>168,406</u>     | <u>437,633</u>                          |
| 103                      | 103                | -                                       |
| 7,685                    | 7,685              | -                                       |
| 82                       | 82                 | -                                       |
| <u>7,870</u>             | <u>7,870</u>       | <u>-</u>                                |
| (261,357)                | 176,276            | 437,633                                 |
| 1,681,753                | 1,681,753          | -                                       |
| 200,737                  | 200,737            | -                                       |
| <u>\$1,621,133</u>       | <u>\$2,058,766</u> | <u>\$437,633</u>                        |



**Crestview Local School District  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 1999**

|  | <u>Proprietary Fund Types</u> |                             | Totals<br>(Memorandum<br>Only) |
|--|-------------------------------|-----------------------------|--------------------------------|
|  | <u>Enterprise</u>             | <u>Internal<br/>Service</u> |                                |
| <b>Operating Revenues:</b>               |                               |                             |                                |
| Sales                                    | \$267,173                     | \$ -                        | \$267,173                      |
| Charges for Services                     | 33,561                        | -                           | 33,561                         |
| Other Revenues                           | 227                           | 46,464                      | 46,691                         |
| Total Operating Revenue                  | <u>300,961</u>                | <u>46,464</u>               | <u>347,425</u>                 |
| <b>Operating Expenses:</b>               |                               |                             |                                |
| Salaries                                 | 111,102                       | -                           | 111,102                        |
| Fringe Benefits                          | 42,490                        | -                           | 42,490                         |
| Purchased Services                       | 27,051                        | 46,447                      | 73,498                         |
| Materials and Supplies                   | 203,284                       | -                           | 203,284                        |
| Depreciation                             | 16,432                        | -                           | 16,432                         |
| Other                                    | 664                           | -                           | 664                            |
| Total Operating Expenses                 | <u>401,023</u>                | <u>46,447</u>               | <u>447,470</u>                 |
| Operating Income (Loss)                  | <u>(100,062)</u>              | <u>17</u>                   | <u>(100,045)</u>               |
| <b>Non-Operating Revenues:</b>           |                               |                             |                                |
| Operating Grants                         | 76,663                        | -                           | 76,663                         |
| Federal Donated Commodities              | 22,251                        | -                           | 22,251                         |
| Interest                                 | 1,318                         | -                           | 1,318                          |
| Total Non-Operating Revenues             | <u>100,232</u>                | <u>-</u>                    | <u>100,232</u>                 |
| Income (Loss) before Operating Transfers | <u>170</u>                    | <u>17</u>                   | <u>187</u>                     |
| Income (Loss)                            | <u>170</u>                    | <u>17</u>                   | <u>187</u>                     |
| <b>Retained Earnings at</b>              |                               |                             |                                |
| Beginning of Year                        | <u>206,070</u>                | <u>-</u>                    | <u>206,070</u>                 |
| Retained Earnings at End of Year         | <u>\$206,240</u>              | <u>\$17</u>                 | <u>\$206,257</u>               |

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

**Crestview Local School District  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 1999**

|  | <b>Proprietary Fund Types</b> |                 |  |
|--|-------------------------------|-----------------|--|
|  | Enterprise Funds              |                 |  |
|  | Revised<br><u>Budget</u>      | Actual          | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>   |                               |                 |  |
| Sales  | \$243,192                     | \$243,204       | \$12                                   |
| Intergovernmental  | 74,753                        | 74,753          | -                                      |
| Charges for Services   | 32,290                        | 32,290          | -                                      |
| Interest   | 1,318                         | 1,318           | -                                      |
| Miscellaneous  | 24,027                        | 24,027          | -                                      |
| <b>Total Revenues</b>  | <b>375,580</b>                | <b>375,592</b>  | <b>12</b>                              |
| <b>Expenditures:</b>   |                               |                 |  |
| Salaries   | 110,503                       | 109,968         | 535                                    |
| Fringe Benefits  | 40,161                        | 36,519          | 3,642                                  |
| Purchased Services   | 9,614                         | 9,042           | 572                                    |
| Materials and Supplies   | 196,332                       | 189,331         | 7,001                                  |
| Capital Outlay   | 51,643                        | 47,876          | 3,767                                  |
| Other  | 145                           | 145             | -                                      |
| <b>Total Expenditures</b>  | <b>408,398</b>                | <b>392,881</b>  | <b>15,517</b>                          |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures                   | <u>(32,818)</u>               | <u>(17,289)</u> | <u>15,529</u>                          |
| <b>Other Financing Sources (Uses):</b>   |                               |                 |  |
| Transfers In   | -                             | -               | -                                      |
| <b>Total Other Financing Sources (Uses)</b>                                    | <u>-</u>                      | <u>-</u>        | <u>-</u>                               |
| Excess (Deficiency) of Revenues and Other Sources<br>Over (Under) Expenditures | <u>(32,818)</u>               | <u>(17,289)</u> | <u>15,529</u>                          |
| Fund Balances (Deficit) at Beginning of Year                                   | <u>85,935</u>                 | <u>85,935</u>   | <u>-</u>                               |
| Fund Balances (Deficit) at End of Year   | <u>\$53,117</u>               | <u>\$68,646</u> | <u>\$15,529</u>                        |

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

### Proprietary Fund Types

| Internal Service Funds |        |  | Totals (Memorandum Only) |           |  |
|------------------------|--------|--|--------------------------|-----------|--|
| Revised<br>Budget      | Actual | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget        | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| \$ -                   | \$ -   | \$ -                                   | \$243,192                | \$243,204 | \$12                                   |
| -                      | -      | -                                      | 74,753                   | 74,753    | -                                      |
| -                      | -      | -                                      | 32,290                   | 32,290    | -                                      |
| -                      | -      | -                                      | 1,318                    | 1,318     | -                                      |
| 46,464                 | 46,464 | -                                      | 70,491                   | 70,491    | -                                      |
| 46,464                 | 46,464 | -                                      | 422,044                  | 422,056   | 12                                     |
| -                      | -      | -                                      | 110,503                  | 109,968   | 535                                    |
| -                      | -      | -                                      | 40,161                   | 36,519    | 3,642                                  |
| 46,447                 | 46,447 | -                                      | 56,061                   | 55,489    | 572                                    |
| -                      | -      | -                                      | 196,332                  | 189,331   | 7,001                                  |
| -                      | -      | -                                      | 51,643                   | 47,876    | 3,767                                  |
| -                      | -      | -                                      | 145                      | 145       | -                                      |
| 46,447                 | 46,447 | -                                      | 454,845                  | 439,328   | 15,517                                 |
| 17                     | 17     | -                                      | (32,801)                 | (17,272)  | 15,529                                 |
| -                      | -      | -                                      | -                        | -         | -                                      |
| -                      | -      | -                                      | -                        | -         | -                                      |
| 17                     | 17     | -                                      | (32,801)                 | (17,272)  | 15,529                                 |
| -                      | -      | -                                      | 85,935                   | 85,935    | -                                      |
| \$17                   | \$17   | \$ -                                   | \$53,134                 | \$68,663  | \$15,529                               |

**Crestview Local School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 1999**

|  | Proprietary Fund Types |                     | Totals<br>(Memorandum<br>Only) |
|--|------------------------|---------------------|--------------------------------|
|  | Enterprise             | Internal<br>Service |                                |
| <b>Increase (Decrease) in Cash and Cash Equivalents:</b>   |                        |                     |                                |
| <b>Cash Flows from Operating Activities:</b>   |                        |                     |                                |
| Cash Received from Customers   | \$299,521              | \$46,464            | \$345,985                      |
| Cash Payments to Suppliers for Goods and Services  | (207,582)              | (46,447)            | (254,029)                      |
| Cash Payments to Employees for Services  | (109,968)              | -                   | (109,968)                      |
| Cash Payments for Employee Benefits  | (36,519)               | -                   | (36,519)                       |
| Net Cash Provided by (Used for) Operating Activities   | (54,548)               | 17                  | (54,531)                       |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |                        |                     |                                |
| Operating Grants Received  | 76,072                 | -                   | 76,072                         |
| Interest   | 1,318                  | -                   | 1,318                          |
| Net Cash Provided by Noncapital Financing Activities   | 77,390                 | -                   | 77,390                         |
| <b>Cash Flows from Capital and Related Financing Activities:</b>   |                        |                     |                                |
| Acquisition of Capital Assets  | (38,813)               | -                   | (38,813)                       |
| Net Cash Used for Capital and Related Financing Activities   | (38,813)               | -                   | (38,813)                       |
| Net Increase (Decrease) in Cash and Cash Equivalents   | (17,289)               | 17                  | (17,272)                       |
| Cash and Cash Equivalents at Beginning of Year   | 85,935                 | -                   | 85,935                         |
| Cash and Cash Equivalents at End of Year   | \$68,646               | \$17                | \$68,663                       |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>        |                        |                     |                                |
| Operating Income (Loss)  | (\$100,062)            | \$17                | (\$100,045)                    |
| <b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b> |                        |                     |                                |
| Depreciation   | 16,432                 | -                   | 16,432                         |
| Donated Commodities Used During Year   | 22,251                 | -                   | 22,251                         |
| Changes in Assets and Liabilities:   |                        |                     |                                |
| (Increase)/Decrease in Accounts Receivable   | (1,440)                | -                   | (1,440)                        |
| (Increase)/Decrease in Commodities Inventory   | 1,105                  | -                   | 1,105                          |
| Increase/(Decrease) in Accounts Payable  | 295                    | -                   | 295                            |
| Increase/(Decrease) in Intergovernmental Payable   | 3,762                  | -                   | 3,762                          |
| Increase/(Decrease) in Deferred Revenue  | (233)                  | -                   | (233)                          |
| Increase/(Decrease) in Compensated Absences Payable  | 1,964                  | -                   | 1,964                          |
| Increase/(Decrease) in Accrued Wages   | 1,378                  | -                   | 1,378                          |
| Total Adjustments  | 45,514                 | -                   | 45,514                         |
| Net Cash Provided by (Used for) Operating Activities   | (\$54,548)             | \$17                | (\$54,531)                     |

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

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS June 30, 1999

#### NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in a prosperous community within Van Wert County, consisting of residences and significant office and retail commercial development. The School District is the 484th largest in the State of Ohio (among 628 school districts) in terms of enrollment. It is staffed by 34 non-certificated employees and 67 certificated full-time teaching personnel who provide services to 1,078 students and other community members.

The reporting entity is comprised of the primary government and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Crestview Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with three organizations which are defined as jointly governed organizations, and an insurance purchasing pool. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the general purpose financial statements.

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

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

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

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

##### A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

##### Governmental Fund Types

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

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

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

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

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

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

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

##### A. Basis Of Presentation - Fund Accounting (Continued)

###### Proprietary Fund Types

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

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

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

###### Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

###### Account Groups

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

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

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

##### B. Measurement Focus and Basis of Accounting

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

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer-assessed income taxes, interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 1999 operations, have been recorded as deferred revenue.

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



## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

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

##### B. Measurement Focus and Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

##### C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

##### Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Standard County Budget Commission for rate determination.

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

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

##### C. Budgetary Process (Continued)

###### Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

###### Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to certificates of deposit. All investments of the School District had a maturity of two years or less. Investments are stated at cost or amortized cost which approximates market. Investment earnings are allocated as authorized by State statute.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of one year or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Inventory

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, 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.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

H. Intergovernmental Revenues

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues (Continued)

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement
- Equity Funds

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Early Childhood Education
- Title I
- Title VI
- Title VI-B
- Professional Development Block Grant
- E-Rate

Capital Projects Funds

- School Net
- Technology Equity

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities
- Latchkey

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

K. Accrued Liabilities and Long-Term Obligations

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

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

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

L. Bond Premiums and Discounts

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

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, prepaid items, and debt service, and include budget stabilization reserve for workers' compensation refund.

O. Total Columns on General Purpose Financial Statements

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

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. During fiscal year 1998, the School District received a \$17,531 refund from the Bureau of Workers' Compensation which State statute required to be included in this reserve. This refund is presented as "other revenue" in the accompanying financial statements. A fund balance reserve has also been established.

Q. 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 accompanying notes. Actual results may differ from those estimates.

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

An analysis of the difference in fund balance at June 30, 1999, as determined under the GAAP basis and budget basis follows:

|   | <u>General</u>     | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Expendable<br/>Trust</u> |
|---|--------------------|----------------------------|-------------------------|-----------------------------|-----------------------------|
| GAAP basis - fund balance               | \$1,091,943        | \$118,368                  | \$121,852               | \$313,408                   | \$11,343                    |
| Adjustment for GAAP basis:              |                    |                            |                         |                             |                             |
| Accrued revenues/prepaid expenses       | (1,385,930)        | (9,583)                    | (268,675)               | (293,656)                   | -                           |
| Accrued expenditures/deferred revenue   | 1,913,695          | 2,076                      | 242,836                 | 287,105                     | -                           |
| Encumbrances outstanding (budget basis) | <u>(38,356)</u>    | <u>(12,251)</u>            | <u>-</u>                | <u>(35,409)</u>             | <u>-</u>                    |
| Budget basis - fund balance             | <u>\$1,581,352</u> | <u>\$ 98,610</u>           | <u>\$ 96,013</u>        | <u>\$271,448</u>            | <u>\$11,343</u>             |



**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

| <u>Proprietary and<br/>Similar Fiduciary Funds</u> | <u>Enterprise</u>  | <u>Internal<br/>Service</u> |
|--|--------------------|-----------------------------|
| GAAP basis   | \$206,240          | \$ 17                       |
| Revenue accrual                                    | (166,331)          | -                           |
| Expense accrual                                    | 38,324             | -                           |
| Inventory held for resale                          | (9,587)            | -                           |
| Encumbrances                                       | <u>          -</u> | <u>          -</u>          |
| Budget basis                                       | <u>\$ 68,646</u>   | <u>\$ 17</u>                |

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be invested in the following obligations. In general, investments must mature or be redeemable within two years from the date of purchase:

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

#### NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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.

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

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

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$2,224,078 and the bank balance was \$2,289,125. Of the bank balance, \$310,000 was covered by federal depository insurance and \$1,979,125 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

|                  | <u>Cash and Cash<br/>Equivalents/Deposits</u> |
|------------------|---|
| GASB Statement 9 | \$2,225,678                                   |
| Cash on Hand     | <u>(1,600)</u>                                |
| GASB Statement 3 | <u>\$2,224,078</u>                            |

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

NOTE 5 - PROPERTY TAXES (Continued)

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

The School District receives property taxes from Van Wert County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$133,774 in the General Fund, \$25,839 in the Debt Service Fund, and \$6,551 in the Capital Projects Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

|   | 1998 Second-Half<br>Collections |                    | 1999 First-Half<br>Collections |                    |
|---|---------------------------------|--------------------|--------------------------------|--------------------|
|   | <u>Amount</u>                   | <u>Percent</u>     | <u>Amount</u>                  | <u>Percent</u>     |
| Agricultural/Residential<br>and Other Real Estate | \$48,511,050                    | 86.52%             | \$49,159,350                   | 86.65%             |
| Public Utility                                    | 5,788,750                       | 10.32              | 5,711,260                      | 10.07              |
| Tangible Personal Property                        | <u>1,769,821</u>                | <u>3.16</u>        | <u>1,860,550</u>               | <u>3.28</u>        |
| <br>Total Assessed Value                          | <br><u>\$56,069,621</u>         | <br><u>100.00%</u> | <br><u>\$56,731,160</u>        | <br><u>100.00%</u> |
| <br>Tax rate per \$1,000 of<br>assessed valuation | <br>\$45.20                     |                    | <br>\$45.00                    |                    |

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

|                                     | <u>Amounts</u>  |
|-------------------------------------|-----------------|
| Enterprise                          | <u>\$ 6,942</u> |
| Total Intergovernmental Receivables | <u>\$ 6,942</u> |

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

NOTE 7 - FIXED ASSETS

A summary of the Proprietary Fund property, plant, and equipment at June 30, 1999, is as follows:

|  |                                 |
|--|---------------------------------|
|  | Balance<br><u>June 30, 1999</u> |
| Furniture and Equipment                            | \$281,968                       |
| Less: Accumulated Depreciation<br>to June 30, 1999 | <u>124,032</u>                  |
| Net Fixed Assets - Proprietary Funds               | <u>\$157,936</u>                |

A summary of the general fixed assets follows:

|                         | Balance at<br><u>6/30/98</u> | Additions        | Deletions   | Balance at<br><u>6/30/99</u> |
|-------------------------|------------------------------|------------------|-------------|------------------------------|
| Land and Improvements   | \$ 757,769                   | \$ 59,900        | \$ -        | \$ 817,669                   |
| Building                | 12,506,074                   | -                | -           | 12,506,074                   |
| Furniture and Equipment | 1,795,765                    | 101,892          | -           | 1,897,657                    |
| Vehicles                | <u>649,140</u>               | <u>21,000</u>    | <u>-</u>    | <u>670,140</u>               |
| Total                   | <u>\$15,708,748</u>          | <u>\$182,792</u> | <u>\$ -</u> | <u>\$15,891,540</u>          |

Management has decided it would not be feasible to track the inventory and accurately assess the cost of the textbooks. They were deleted from the furniture and equipment account.

NOTE 8 - RISK MANAGEMENT

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with the Nationwide Insurance Company for property and general liability insurance and boiler and machinery insurance. Professional liability is protected by Nationwide Insurance Company with \$2,000,000 each occurrence, \$5,000,000 in annual aggregate limit.

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

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

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

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

#### NOTE 9 - DEFINED BENEFIT PENSION PLANS

##### A. School Employees Retirement System

The Crestview Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$88,483, \$77,907, and \$66,741 respectively equal to the required contributions for each fiscal year.

##### B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$364,949, \$343,603, and \$328,769 respectively, equal to the required contributions for each fiscal year.

##### C. Social Security System

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

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS June 30, 1999

#### NOTE 10 - POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 1998, eligible benefit recipients totaled 91,999. For the year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.21 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1998, the minimum pay has been established at \$12,400. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 1998, net health care costs paid by SERS were \$111,900,575.

#### NOTE 11 - EMPLOYEE BENEFITS

##### A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for all personnel. Upon retirement, payment is made for 20% of accrued, but unused sick leave credit to a maximum of 44 days for all employees.

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

NOTE 12 - LONG-TERM DEBT

A. Long-Term Obligations

Long-term obligations of the School District at June 30, 1999, consisted of the following:

|  | Principal<br>Outstanding<br><u>6/30/98</u> | <u>Additions</u> | <u>Deductions</u> | Principal<br>Outstanding<br><u>6/30/99</u> |
|--|--|------------------|-------------------|--|
| General Obligation Bonds<br>School Building Construction<br>Interest Rate - 3%-5.30% | \$2,119,833                                | \$ -             | \$205,000         | \$1,914,833                                |
| Intergovernmental Payable  | 20,458                                     | 8,374            | -                 | 28,832                                     |
| Compensated Absences   | <u>192,498</u>                             | <u>45,316</u>    | <u>-</u>          | <u>237,814</u>                             |
| Total General Long-Term<br>Obligations   | <u>\$2,332,789</u>                         | <u>\$ 53,690</u> | <u>\$205,000</u>  | <u>\$2,181,479</u>                         |

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

B. Future Debt Requirements

The annual requirements to amortize all debt outstanding as of June 30, 1999 are as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Bond<br/>Principal</u> | <u>Bond<br/>Interest</u> | <u>Total</u>       |
|---------------------------------|---------------------------|--------------------------|--------------------|
| 2000                            | \$ 210,000                | \$ 78,695                | \$ 288,695         |
| 2001                            | 220,000                   | 69,282                   | 289,282            |
| 2002                            | 230,000                   | 58,927                   | 288,927            |
| 2003                            | 240,000                   | 47,643                   | 287,643            |
| 2004                            | 255,000                   | 35,324                   | 290,324            |
| Thereafter                      | <u>759,833</u>            | <u>1,439,715</u>         | <u>2,199,548</u>   |
| Total                           | <u>\$1,914,833</u>        | <u>\$1,729,586</u>       | <u>\$3,644,419</u> |



**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

NOTE 13 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During fiscal year ended June 30, 1999, the reserve activity was as follows:

|   | <u>Textbook<br/>Reserve</u> | <u>Capital<br/>Maintenance<br/>Reserve</u> | <u>Budget<br/>Stabilization<br/>Reserve</u> | <u>Total</u>     |
|---|-----------------------------|--|---|------------------|
| Balance 7/1/1998  | \$ -                        | \$ -                                       | \$17,531                                    | \$ 17,531        |
| Required Set-Aside  | 72,768                      | 72,768                                     | 36,384                                      | 181,920          |
| Offset Credits  | (14,614)                    | -  | -   | (14,614)         |
| Qualifying<br>Expenditures                                | <u>(58,154)</u>             | <u>(135,473)</u>                           | <u>-</u>                                    | <u>(193,627)</u> |
| Total   | <u>\$ -</u>                 | <u>\$(62,705)</u>                          | <u>\$53,915</u>                             | <u>\$(8,790)</u> |
| Cash balance<br>carried forward to<br>following year 1999 | <u>\$ -</u>                 | <u>4 -</u>                                 | <u>\$53,915</u>                             | <u>\$ 53,915</u> |

Although the School District had off-sets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and the latchkey fund. The table below summarizes the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

|                         | <u>Food<br/>Service</u> | <u>Uniform<br/>School<br/>Supplies</u> | <u>Latchkey<br/>Fund</u> | <u>Total<br/>Enterprise<br/>Funds</u> |
|-------------------------|-------------------------|--|--------------------------|---------------------------------------|
| Operating Revenues      | \$243,196               | \$24,154                               | \$33,611                 | \$300,961                             |
| Operating Expenses      |                         |  |                          |                                       |
| before Depreciation     | 323,104                 | 23,082                                 | 38,405                   | 384,591                               |
| Depreciation            | 16,432                  | -                                      | -                        | 16,432                                |
| Operating Income (Loss) | (96,340)                | 1,072                                  | (4,794)                  | (100,062)                             |
| Donated Commodities     | 22,251                  | -                                      | -                        | 22,251                                |
| Operating Grants        | 76,663                  | -                                      | -                        | 76,663                                |
| Interest                | 1,318                   | -                                      | -                        | 1,318                                 |
| Net Income (Loss)       | 3,892                   | 1,072                                  | (4,794)                  | 170                                   |
| Net Working Capital     | 52,699                  | 1,079                                  | 2,999                    | 56,777                                |
| Total Assets            | 237,087                 | 1,079                                  | 6,398                    | 244,564                               |
| Total Equity            | 202,162                 | 1,079                                  | 2,999                    | 206,240                               |

## CRESTVIEW LOCAL SCHOOL DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS June 30, 1999

#### NOTE 15 - JOINTLY GOVERNED ORGANIZATION

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

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained by contacting Marilyn Fruchey, Treasurer of the Western Buckeye E.S.C., 202 N. Cherry St., Paulding, Ohio 45879. The Van Wert Educational Service Center serves as the fiscal agent of the NOACSC.

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

#### NOTE 16 - GROUP PURCHASING POOL

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

#### NOTE 17 - CONTINGENCIES

##### A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**CRESTVIEW LOCAL SCHOOL DISTRICT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 17 - CONTINGENCIES** (Continued)

**B. Foundation Program**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and, in a decision issued February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**C. Litigation**

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

**D. Building Assistance Program**

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 17 - CONTINGENCIES** (Continued)

D. **Building Assistance Program** (Continued)

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

The District remains contingently liable to the OSFC for the balance of the note until its maturity in the year 2013 should it fail to stay in compliance with the Revised Code.

**NOTE 18 - LEGAL COMPLIANCE**

Pursuant to Section 117.11(A) of the revised code, LaVallee & Company, CPAs performed tests of compliance with various provisions of local, state, and/or federal laws, as appropriate. The Auditor's recommendations and citations are included in a separate part of this presentation.

**NOTE 19 - YEAR 2000 COMPLIANCE**

The year 2000 issue is the result of shortcomings in many electronic data systems and other equipment that may adversely affect the government's operations as early as fiscal year June 30, 1999.

Crestview Local School District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for the remediation of these systems.

Van Wert County collects taxes for the distribution to the Crestview Local School District. Van Wert County is responsible for the remediation of the tax collection system.

**CRESTVIEW LOCAL SCHOOL DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

NOTE 19 - YEAR 2000 COMPLIANCE (Continued)

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that Crestview Local District's remediation efforts will be year 2000 successful in whole or in part, or that parties with whom the Crestview Local School District does business will be year 2000 ready.

# LaVallee & Company

Certified Public Accountants  
The CPA. Never under estimate The Value.<sup>SM</sup>

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

January 5, 2000

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

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

We have audited the financial statements of the Crestview Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated January 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Crestview Local School District's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Crestview Local School District in a separate letter dated January 5, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crestview Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Crestview Local School District in a separate letter dated January 5, 2000.

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



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370

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CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: FEBRUARY 22, 2000