



**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Crestview Local School District  
Columbiana County  
44100 Crestview Road #A  
Columbiana, OH 44408

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Crestview Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Crestview Local School District, Columbiana County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

December 18, 2001

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**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**COLUMBIANA COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b><u>ASSETS AND OTHER DEBITS</u></b>										
ASSETS:										
Equity in pooled cash and cash equivalents . . . . .	\$1,276,297	\$200,773	\$247,616	\$197,124	\$8,079		\$55,603			\$1,985,492
Cash with fiscal agent . . . . .						\$599,913				599,913
Investments . . . . .							117,705			117,705
Receivables (net of allowances of uncollectibles):										
Property taxes - current and delinquent . . . . .	1,992,425	37,497	406,472							2,436,394
Accounts . . . . .	3,267									3,267
Accrued interest . . . . .	36,417						486			36,903
Due from other governments . . . . .		29,313								29,313
Interfund loan receivable . . . . .	2,610									2,610
Advances to other funds . . . . .	33,581									33,581
Prepayments . . . . .	13,778									13,778
Materials and supplies inventory . . . . .	25,447				11,060					36,507
Restricted assets:										
Equity in pooled cash and cash equivalents . . . . .	34,588									34,588
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					259,280			\$19,572,326		19,831,606
OTHER DEBITS:										
Amount available in debt service fund . . . . .									\$654,088	654,088
Amount to be provided for retirement of general long-term obligations . . . . .									2,859,200	2,859,200
Total assets and other debits . . . . .	<u>\$3,418,410</u>	<u>\$267,583</u>	<u>\$654,088</u>	<u>\$197,124</u>	<u>\$278,419</u>	<u>\$599,913</u>	<u>\$173,794</u>	<u>\$19,572,326</u>	<u>\$3,513,288</u>	<u>\$28,674,945</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**COLUMBIANA COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)  
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>										
<b>LIABILITIES:</b>										
Accounts payable . . . . .	\$11,497	\$7,568		\$18,000	\$3					\$37,068
Contracts payable . . . . .	28,596									28,596
Accrued wages and benefits . . . . .	635,735	50,838			28,553					715,126
Compensated absences payable . . . . .	10,116				12,046				\$369,708	391,870
Pension obligation payable . . . . .	103,336	5,256			10,280				44,699	163,571
Interfund loan payable . . . . .		1,000					\$1,610			2,610
Advances from other funds . . . . .					33,581					33,581
Deferred revenue . . . . .	1,618,645	65,547	\$392,780		7,141					2,084,113
Due to students . . . . .							29,864			29,864
Claims payable . . . . .						\$204,130				204,130
General obligation bond payable . . . . .									2,980,000	2,980,000
Energy conservation notes payable . . . . .									105,066	105,066
Asbestos abatement loan payable . . . . .									13,815	13,815
<b>Total liabilities . . . . .</b>	<b>2,407,925</b>	<b>130,209</b>	<b>392,780</b>	<b>18,000</b>	<b>91,604</b>	<b>204,130</b>	<b>31,474</b>		<b>3,513,288</b>	<b>6,789,410</b>
<b>EQUITY AND OTHER CREDITS:</b>										
Investment in general fixed assets . . . . .								\$19,572,326		19,572,326
Contributed capital . . . . .					257,206					257,206
Retained earnings (accumulated deficit):										
unreserved . . . . .					(70,391)	395,783				325,392
Fund balances:										
Reserved for encumbrances . . . . .	245,497	35,991		\$225						281,713
Reserved for materials and supplies										
inventory . . . . .	25,447									25,447
Reserved for prepayments . . . . .	13,778									13,778
Reserved for advances . . . . .	33,581									33,581
Reserved for debt service . . . . .			247,616							247,616
Reserved for tax revenue unavailable										
for appropriation . . . . .	69,334	1,263	13,692							84,289
Reserved for BWC refunds . . . . .	34,588									34,588
Unreserved-undesignated . . . . .	588,260	100,120		178,899			142,320			1,009,599
<b>Total equity and other credits . . . . .</b>	<b>1,010,485</b>	<b>137,374</b>	<b>261,308</b>	<b>179,124</b>	<b>186,815</b>	<b>395,783</b>	<b>142,320</b>	<b>19,572,326</b>		<b>21,885,535</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$3,418,410</b>	<b>\$267,583</b>	<b>\$654,088</b>	<b>\$197,124</b>	<b>\$278,419</b>	<b>\$599,913</b>	<b>\$173,794</b>	<b>\$19,572,326</b>	<b>\$3,513,288</b>	<b>\$28,674,945</b>

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



**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**COLUMBIANA COUNTY, OHIO**  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$2,401,569	\$34,751	\$376,700			\$2,813,020
Tuition . . . . .	7,324					7,324
Earnings on investments . . . . .	117,010				\$8,022	125,032
Extracurricular . . . . .		140,430				140,430
Other local revenues . . . . .	87,822	10,760			15,383	113,965
Other revenue . . . . .		400				400
Intergovernmental - State . . . . .	4,313,804	102,165	40,884	\$75,417		4,532,270
Intergovernmental - Federal . . . . .		715,954				715,954
<b>Total revenue . . . . .</b>	<b>6,927,529</b>	<b>1,004,460</b>	<b>417,584</b>	<b>75,417</b>	<b>23,405</b>	<b>8,448,395</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	3,200,276	259,576		170,961	268	3,631,081
Special . . . . .	280,010	428,426				708,436
Vocational . . . . .	115,595					115,595
Other . . . . .	18,192				200	18,392
Support services:						
Pupil . . . . .	305,093	123,586		4,649	2,296	435,624
Instructional staff . . . . .	340,888	47,445				388,333
Board of Education . . . . .	33,000					33,000
Administration . . . . .	779,948	21,753				801,701
Fiscal . . . . .	189,824	712	7,717			198,253
Operations and maintenance . . . . .	792,780	56,881		34,782		884,443
Pupil transportation . . . . .	495,683				580	496,263
Central . . . . .	19,275	270				19,545
Community services . . . . .		225				225
Extracurricular activities . . . . .	135,180	78,702				213,882
Facilities acquisition and construction . . . . .	208,672			3,815		212,487
Debt service:						
Principal retirement . . . . .			175,978			175,978
Interest and fiscal charges . . . . .			181,142			181,142
<b>Total expenditures . . . . .</b>	<b>6,914,416</b>	<b>1,017,576</b>	<b>364,837</b>	<b>214,207</b>	<b>3,344</b>	<b>8,514,380</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	13,113	(13,116)	52,747	(138,790)	20,061	(65,985)
Other financing sources (uses):						
Proceeds from sale of assets . . . . .				3,067		3,067
Operating transfers in . . . . .				187,475		187,475
Operating transfers out . . . . .	(187,475)					(187,475)
<b>Total other financing sources (uses) . . . . .</b>	<b>(187,475)</b>			<b>190,542</b>		<b>3,067</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	(174,362)	(13,116)	52,747	51,752	20,061	(62,918)
Fund balances, July 1 . . . . .	1,186,892	150,490	208,561	127,372	122,259	1,795,574
Decrease in reserve for inventory . . . . .	(2,045)					(2,045)
<b>Fund balances, June 30 . . . . .</b>	<b>\$1,010,485</b>	<b>\$137,374</b>	<b>\$261,308</b>	<b>\$179,124</b>	<b>\$142,320</b>	<b>\$1,730,611</b>

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**COLUMBIANA COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>															
From local sources:															
Taxes.....	\$2,322,000	\$2,322,000	\$0	\$34,211	\$34,211	\$0	\$370,842	\$370,842	\$0				\$2,727,053	\$2,727,053	\$0
Tuition.....	9,180	9,180	0										9,180	9,180	0
Earnings on investments.....	120,299	122,811	2,512										120,299	122,811	2,512
Extracurricular.....				140,387	140,430	43							140,387	140,430	43
Other local revenues.....	73,597	73,635	38	10,757	10,757	0							84,354	84,392	38
Other revenue.....				400	400	0							400	400	0
Intergovernmental - State.....	4,294,245	4,294,245	0	102,165	102,105	(60)	40,884	40,884	0	\$75,417	\$75,417	\$0	4,512,711	4,512,651	(60)
Intergovernmental - Federal.....				653,174	653,174	0							653,174	653,174	0
Total revenues.....	6,819,321	6,821,871	2,550	941,094	941,077	(17)	411,726	411,726	0	75,417	75,417	0	8,247,558	8,250,091	2,533
<b>Expenditures:</b>															
Current:															
Instruction:															
Regular.....	3,450,040	3,171,583	278,457	266,033	262,235	3,798				170,959	170,959	0	3,887,032	3,604,777	282,255
Special.....	279,732	269,190	10,542	362,780	362,775	5							642,512	631,965	10,547
Vocational.....	109,675	104,518	5,157										109,675	104,518	5,157
Other.....	34,000	18,192	15,808										34,000	18,192	15,808
Support services:															
Pupil.....	353,164	299,089	54,075	128,522	127,838	684				4,649	4,649	0	486,335	431,576	54,759
Instructional staff.....	353,281	328,559	24,722	50,159	49,345	814							403,440	377,904	25,536
Board of Education.....	51,710	37,588	14,122										51,710	37,588	14,122
Administration.....	790,564	770,224	20,340	21,113	21,113	0							811,677	791,337	20,340
Fiscal.....	206,171	195,115	11,056	712	712	0	7,850	7,717	133				214,733	203,544	11,189
Business.....	1,350	0	1,350										1,350	0	1,350
Operations and maintenance.....	900,906	863,467	37,439	72,000	71,189	811				35,058	35,009	49	1,007,964	969,665	38,299
Pupil transportation.....	522,396	508,717	13,679										522,396	508,717	13,679
Central.....	20,554	19,289	1,265	269	269	0							20,823	19,558	1,265
Community services.....				225	225	0							225	225	0
Extracurricular activities.....	158,825	146,670	12,155	111,837	109,478	2,359							270,662	256,148	14,514
Facilities acquisition and construction.....	354,911	355,536	(625)							3,815	3,815	0	358,726	359,351	(625)
Debt service:															
Principal retirement.....							175,978	175,978	0				175,978	175,978	0
Interest and fiscal charges.....							181,142	181,142	0				181,142	181,142	0
Total expenditures.....	7,587,279	7,087,737	499,542	1,013,650	1,005,179	8,471	364,970	364,837	133	214,481	214,432	49	9,180,380	8,672,185	508,195
Excess (deficiency) of revenues over (under) expenditures.....															
	(767,958)	(265,866)	502,092	(72,556)	(64,102)	8,454	46,756	46,889	133	(139,064)	(139,015)	49	(932,822)	(422,094)	510,728
<b>Other financing sources (uses):</b>															
Refund of prior year's expenditures.....	75,918	75,918	0										75,918	75,918	0
Proceeds from sale of fixed assets.....										3,067	3,067	0	3,067	3,067	0
Advances in.....	696	696	0	1,000	1,000	0							1,696	1,696	0
Advances out.....	(2,610)	(2,610)	0										(2,610)	(2,610)	0
Operating transfers in.....										187,475	187,475	0	187,475	187,475	0
Operating transfers out.....	(187,475)	(187,475)	0	(696)	(696)	0							(188,171)	(188,171)	0
Total other financing sources (uses).....	(113,471)	(113,471)	0	304	304	0				190,542	190,542	0	77,375	77,375	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....															
	(881,429)	(379,337)	502,092	(72,252)	(63,798)	8,454	46,756	46,889	133	51,478	51,527	49	(855,447)	(344,719)	510,728
Fund balances, July 1.....	1,313,229	1,313,229	0	181,560	181,560	0	200,727	200,727	0	35,897	35,897	0	1,731,413	1,731,413	0
Prior year encumbrances appropriated.....	91,403	91,403	0	39,452	39,452	0	0	0	0	91,475	91,475	0	222,330	222,330	0
Fund balances, June 30.....	\$523,203	\$1,025,295	\$502,092	\$148,760	\$157,214	\$8,454	\$247,483	\$247,616	\$133	\$178,850	\$178,899	\$49	\$1,098,296	\$1,609,024	\$510,728

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**COLUMBIANA COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS\ (ACCUMULATED DEFICIT)  
 ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Sales/charges for services. . . . .	\$198,947	\$372,645	\$571,592
 Total operating revenues. . . . .	 198,947	 372,645	 571,592
Operating expenses:			
Personal services . . . . .	174,846	86,020	260,866
Contract services . . . . .	10,560		10,560
Materials and supplies. . . . .	142,186		142,186
Depreciation. . . . .	16,120		16,120
Claims expense . . . . .		635,906	635,906
Other operating expense. . . . .	97		97
 Total operating expenses. . . . .	 343,809	 721,926	 1,065,735
Operating loss. . . . .	(144,862)	(349,281)	(494,143)
Nonoperating revenues:			
Operating grants. . . . .	93,995		93,995
Federal commodities . . . . .	20,744		20,744
Interest revenue . . . . .	109	37,216	37,325
 Total nonoperating revenues. . . . .	 114,848	 37,216	 152,064
Net loss. . . . .	(30,014)	(312,065)	(342,079)
Retained earnings (accumulated deficit)			
at July 1 . . . . .	(40,377)	707,848	667,471
Retained earnings (accumulated deficit)			
at June 30 . . . . .	(70,391)	\$395,783	\$325,392

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

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**COLUMBIANA COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from sales/service charges . . . . .	\$198,944	\$372,645	\$571,589
Cash payments for personal services . . . . .	(164,540)	(86,020)	(250,560)
Cash payments for contract services . . . . .	(10,557)		(10,557)
Cash payments for materials and supplies . . . . .	(123,018)		(123,018)
Cash payments for claims . . . . .		(464,715)	(464,715)
Cash payments for other expenses . . . . .	(97)		(97)
	(99,268)	(178,090)	(277,358)
Net cash used in operating activities . . . . .			
Cash flows from noncapital financing activities:			
Cash received from operating grants . . . . .	104,989		104,989
	104,989		104,989
Net cash provided by noncapital financing activities . . . . .			
Cash flows from capital and related financing activities:			
Acquisition of capital assets . . . . .	(336)		(336)
	(336)		(336)
Net cash used in capital and related financing activities . . . . .			
Cash flows from investing activities:			
Interest received . . . . .	109	37,216	37,325
	109	37,216	37,325
Net cash provided by investing activities . . . . .			
Net increase (decrease) in cash and cash equivalents . . . . .	5,494	(140,874)	(135,380)
Cash and cash equivalents at beginning of year . . . . .	2,585	740,787	743,372
Cash and cash equivalents at end of year . . . . .	\$8,079	\$599,913	\$607,992
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss . . . . .	(\$144,862)	(\$349,281)	(\$494,143)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation . . . . .	16,120		16,120
Federal donated commodities . . . . .	20,744		20,744
Changes in assets and liabilities:			
Increase in materials and supplies inventory . . . . .	(1,203)		(1,203)
Increase in accounts payable . . . . .	3		3
Increase in accrued wages and benefits . . . . .	8,210		8,210
Increase in compensated absences payable . . . . .	1,740		1,740
Increase in pension obligation payable . . . . .	353		353
Increase in claims payable . . . . .		171,191	171,191
Decrease in deferred revenue . . . . .	(373)		(373)
	(\$99,268)	(\$178,090)	(\$277,358)
Net cash used in operating activities . . . . .			

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

The District currently ranks as the 467<sup>th</sup> largest in terms of total enrollment among the 682 public and community school districts in the State of Ohio. The District is staffed by 41 non-certificated employees and 88 certificated full-time teaching personnel who provide services to 1,178 students and other community members.

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

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization.

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

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System

Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, is jointly governed by 24 districts within Mahoning and Columbiana counties. ACCESS is governed by an assembly consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the assembly. Members of ACCESS are assessed annual user fees and periodic capital improvement fees based on their average daily membership. The members do have an ongoing financial interest in ACCESS, however, they do not have an equity interest. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

Columbiana County Career Center

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

The District also participates in a public entity shared-risk pool, discussed in Note 12.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

Capital Projects Funds - 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 and Trust Funds).

*PROPRIETARY FUNDS*

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

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

Internal Service Funds - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governmental units, on a cost- reimbursement basis.

*FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include an expendable trust fund and an agency fund. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have a measurement focus. Agency funds are reported on a cash basis, with note disclosure (See Note 3.C.) regarding items, which, in other fund types, would be subject to accrual.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

*ACCOUNT GROUPS*

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

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

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

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

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

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2001, and which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as advances on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from income taxes is recognized in the fiscal year in which the underlying exchange occurred and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

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

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

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

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code (ORC) 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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

1. 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

2. By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations 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.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. 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.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for enterprise funds are disclosed in Note 13 to the financial statements.

**E. Cash and Investments**

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

During fiscal year 2001, investments were limited to certificates of deposit and a repurchase agreement. Investments in nonparticipating investment contracts, such as certificates of deposits and repurchase agreements, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During fiscal 2001, interest revenue credited to the general fund amounted to \$117,010, which includes \$37,057 assigned from other District funds.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

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

**F. Inventory**

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

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

**G. Prepaids**

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

**H. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

2. Proprietary Funds

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

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

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

**I. Intergovernmental Revenues**

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

Entitlements

General Fund  
State Foundation Program  
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds  
Education Management Information Systems  
School Net Professional Development  
Title I

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

*Non-Reimbursable Grants - (Continued)*

Special Revenue Funds - (Continued)

- Drug-Free Grant
- Teacher Development
- Classroom Facilities Maintenance
- Title VI
- Ohio Reads
- Summer School
- Best Practice Award Grant
- Student Assistance Program
- School Conflict Management
- Safe School Help Line
- Eisenhower Grant
- Virtual Middle School
- Continuous Improvement
- Title VI-R
- Harvard Reimbursement

Capital Projects Funds

- SchoolNet
- Technology Equity

*Reimbursable Grants*

General Fund

- Driver Education Reimbursement

Special Revenue Funds

- Telecommunications (E-rate)

Proprietary Funds

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

Grants and entitlements amounted to approximately 59% of the District's operating revenue during the 2001 fiscal year.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

**J. Compensated Absences**

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

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

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

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

**K. Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources; however, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after year-end are generally considered not to have been made with current available financial resources. Bonds, capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

**L. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year. The District had short-term interfund loans receivable and payable at June 30, 2001.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term advances receivable and payable at June 30, 2001.

An analysis of the District's interfund transactions for fiscal year 2001, is presented in Note 5.

**M. Fund Equity**

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

**N. Contributed Capital**

Contributed capital reported in the enterprise funds represents resources provided from other funds, other governments, or private sources that is not subject to repayment. These assets are recorded at fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. See Note 9 for changes in contributed capital during fiscal 2001.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

**O. Restricted Assets**

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

**P. Estimates**

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

**Q. Memorandum Only - Total Columns**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

**B. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2001 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
SchoolNet Professional Development	\$ 21
Title I	13,291
 <u>Enterprise Fund</u>	
Food Service	70,295

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balances in the SchoolNet Professional Development and Title I special revenue funds are caused by accruing wage, benefit and pension obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues and other resources not recognized at June 30.

The deficit retained earnings in the Food Service enterprise fund is a result of accruing wage, benefit, retirement obligations in accordance with GAAP. This deficit will be eliminated by user charges and intergovernmental revenues not recognized at June 30.

**C. Agency Fund**

The following are accruals for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

<u>ASSETS</u>	
Accrued interest receivable	\$10
 <u>LIABILITIES</u>	
Accounts payable	\$338

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 4 - EQUITY IN POOLED CASH 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 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

*Cash on Hand:* At fiscal year-end, the District had \$100 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not included in the total amount of deposits reported below.

*Cash with Fiscal Agent:* At year-end, \$599,913 was on deposit with the District's fiscal agent for its self-insurance reserves and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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

*Deposits:* At year-end, the carrying amount of the District's deposits, including non-negotiable certificates of deposit, was \$2,096,769 and the bank balance, including non-negotiable certificates of deposit, was \$2,371,625. Of the bank balance:

1. \$335,350 was covered by federal depository insurance; and
2. \$2,036,275 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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



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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

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

	Category 3	Reported Amount	Fair Value
Repurchase agreement	<u>\$640,829</u>	<u>\$640,829</u>	<u>\$640,829</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

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

	Equity in Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$2,619,993	\$ 117,705
Investments of the cash management pool:		
Repurchase agreement	(640,829)	640,829
Certificates of deposit	117,705	(117,705)
Cash on hand	(100)	---
GASB Statement No. 3	<u>\$2,096,769</u>	<u>\$ 640,829</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2001 consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$2,610	\$ - - -
<u>Special Revenue Fund</u>		
Public School Support	- - -	1,000
<u>Agency Fund</u>		
Student Managed Activities	<u>- - -</u>	<u>1,610</u>
Totals	<u>\$2,610</u>	<u>\$2,610</u>

- B. The following is a reconciliation of the District's long-term advances to and from other funds at June 30, 2001:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$33,581	\$ - - -
<u>Enterprise Funds</u>		
Food Services	- - -	33,485
Adult Education	<u>- - -</u>	<u>96</u>
Totals	<u>\$33,581</u>	<u>\$33,581</u>

**NOTE 6 - SCHOOL DISTRICT INCOME TAX**

The voters of the District passed a 1% permanent school district income tax in the November 1989 election that became effective January 1, 1990. School district income tax revenue received by the general fund during fiscal year 2001 was \$828,576.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 7 - PROPERTY TAXES**

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

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, and railroads, which are assessed at 29%.

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

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$74,783,420. Agricultural/residential and minerals real estate represented 76.73% or \$57,426,250 of this total; commercial & industrial real estate represented 7.97% or \$5,965,950 of this total, public utility tangible represented 6.02% or \$4,503,910 of this total and general tangible property represented 9.28% or \$6,947,310 of this total. The voted general tax rate at the fiscal year ended June 30, 2001 was \$32.70 per \$1,000.00 of assessed valuation for operations and \$5.92 per \$1,000.00 of assessed valuation for debt retirement.

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

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 7 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2001 totaled \$69,334 in the general fund, \$13,692 in the debt service fund, and \$1,263 in the special revenue fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2001, consisted of taxes, accrued interest, accounts (rent, billings for user charged services, and student fees), intergovernmental (to the extent the grants and entitlements relate to the current fiscal year), short-term interfund loans and long-term interfund loans. Intergovernmental receivables have been reported as "Due From Other Governments" on the combined balance sheet. 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 receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$1,992,425
Accounts	3,267
Accrued interest	36,417
 <u>Special Revenue Funds</u>	
Taxes - current and delinquent	37,497
Due from other governments	29,313
 <u>Debt Service Fund</u>	
Taxes - current and delinquent	406,472

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 9 - FIXED ASSETS**

A summary of the changes in the general fixed assets account group during fiscal year 2001 follows:

<u>Asset Category</u>	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
Land and improvements	\$ 250,000	\$ 5,819	\$ ---	\$ 255,819
Building and improvements	15,242,321	59,842	---	15,302,163
Furniture, fixtures and equipment	2,741,283	419,528	(167,271)	2,993,540
Vehicles	828,316	73,393	(33,845)	867,864
Construction in progress	<u>0</u>	<u>152,940</u>	<u>---</u>	<u>152,940</u>
Totals	<u>\$19,061,920</u>	<u>\$711,522</u>	<u>\$(201,116)</u>	<u>\$19,572,326</u>

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and equipment	\$322,182
Less accumulated depreciation	<u>(62,902)</u>
Net fixed assets	<u>\$259,280</u>

**NOTE 10 - CONTRIBUTED CAPITAL**

Changes in contributed capital for the year ended June 30, 2001, are as follows:

	<u>Food Service</u>
Contributed capital, July 1, 2000	\$256,807
Current contributions from other funds	<u>399</u>
Contributed capital, June 30, 2001	<u>\$257,206</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A.** The general obligation bond outstanding, issued to provide funds for the acquisition and construction of equipment and facilities is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund. The source of payment is derived from a current 5.92 mill bonded debt tax levy.

The following is a description of the District's general obligation bond outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance July 1, 2000</u>	<u>Retired during Fiscal 2001</u>	<u>Balance June 30, 2001</u>
Facilities Improvement	5.74%	4/13/93	12/01/15	<u>\$3,780,000</u>	<u>\$3,120,000</u>	<u>\$(140,000)</u>	<u>\$2,980,000</u>

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

The following is a description of the District's energy conservation notes outstanding as of June 30, 2001:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance July 1, 2000</u>	<u>Retired in Fiscal 2001</u>	<u>Balance June 30, 2001</u>
School Energy Conservation Note	8.75%	9/20/91	9/20/01	\$ 81,360	\$ 13,500	\$(11,578)	\$ 1,922
School Energy Conservation Note	4.55%	2/22/99	2/22/06	<u>146,996</u>	<u>122,544</u>	<u>(19,400)</u>	<u>103,144</u>
Total				<u>\$228,356</u>	<u>\$136,044</u>	<u>\$(30,978)</u>	<u>\$105,066</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

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

C. In fiscal 1991, the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The outstanding balance of the loan is reported in the general long-term obligations account group. Payments are recorded as expenditures of the debt service fund, from current operating revenue. The following schedule describes the loan outstanding at June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding July 1, 2000</u>	<u>Retired in 2001</u>	<u>Outstanding June 30, 2001</u>
Asbestos Abatement	None	2/02/90	5/30/04	<u>\$68,815</u>	<u>\$18,815</u>	<u>\$(5,000)</u>	<u>\$13,815</u>

D. Principal and interest requirements to retire general obligation bonds, energy conservation notes, and the asbestos loan, outstanding at June 30, 2001, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds</u>	<u>Energy Conservation Notes</u>	<u>Asbestos Loan</u>	<u>Total</u>
2002	\$ 316,500	\$ 26,553	\$ 5,000	\$ 348,053
2003	326,900	24,612	5,000	356,512
2004	326,580	24,612	3,815	355,007
2005	325,945	24,612	---	350,557
2006	324,830	16,406	---	341,236
2007 - 2011	1,480,585	---	---	1,480,585
2012 - 2016	<u>1,212,190</u>	<u>---</u>	<u>---</u>	<u>1,212,190</u>
Total	4,313,530	116,795	13,815	4,444,140
Less: Interest	<u>(1,333,530)</u>	<u>(11,729)</u>	<u>---</u>	<u>(1,345,259)</u>
Total	<u>\$2,980,000</u>	<u>\$105,066</u>	<u>\$13,815</u>	<u>\$3,098,881</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM DEBT - (Continued)**

E. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences and the pension benefit obligation will ultimately be paid from the fund from which the employee is paid.

	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2001</u>
General obligation bond payable	\$3,120,000	\$- -	\$(140,000)	\$2,980,000
Energy conservation notes payable	136,044	- - -	(30,978)	105,066
Asbestos abatement loan payable	18,815	- - -	(5,000)	13,815
Pension obligation	45,095	44,699	(45,095)	44,699
Compensated absences	<u>378,091</u>	<u>46,050</u>	<u>(54,433)</u>	<u>369,708</u>
Total	<u>\$3,698,045</u>	<u>\$90,749</u>	<u>\$(275,506)</u>	<u>\$3,513,288</u>

**F. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$4,011,816 (including available funds of \$261,308), an unvoted debt margin of \$74,783, and an unvoted energy conservation debt margin of \$567,985.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 12 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 2 weeks of vacation per year after 1 year of service, 3 weeks of vacation per year after 10 years of service, and 4 weeks of vacation per year after 18 years of service. The 3 principals and superintendent do not earn vacation, their contracts are for a specific number of days and the rest of the year are non-contract days. The high school principal is contracted for 230 days, the middle school principal for 223 days, the elementary principal for 208 days, and the superintendent for 233 days. The treasurer earns 2 weeks of vacation after 1 year of service, 3 weeks of vacation after 10 years of service, and 4 weeks of vacation after 20 years. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Certified employees do not earn vacation.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated up to a maximum of 15 days per year for all personnel. The total lifetime maximum sick leave accumulation for personnel is 235 days for certified employees and 220 days for classified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 47 days for certified employees and 46 days for classified employees.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2001, the District has contracted with the following insurance companies to provide coverage in the following amounts:

<u>Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
<u>Nationwide Insurance Company</u>		
General liability:		
Each occurrence	\$ 1,000,000	\$ 0
Aggregate	5,000,000	0
Umbrella liability:		
Each occurrence	1,000,000	10,000
Aggregate	1,000,000	10,000
<u>Nationwide Insurance Company</u>		
Fleet:		
Comprehensive	1,000,000	0
Collision	1,000,000	100
<u>Cincinnati Insurance Company</u>		
Building and contents	21,976,395	500

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal 2000.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**B. Health and Dental Insurance**

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of several school districts within Columbiana County. Monthly premiums are paid to the fiscal agent, who in turn pays the claims on the District's behalf. The claims liability of \$204,130 reported in the Internal Service fund at June 30, 2001, is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the current year and past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2001	\$32,939	\$807,946	\$(636,755)	\$204,130
2000	49,575	421,401	(438,037)	32,939

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**C. OSBA Worker's Compensation Group Rating Program**

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains two enterprise funds to account for the operations of food service and adult education. The following table reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating revenue	\$ 198,944	\$ 3	\$ 198,947
Operating expenses before depreciation	327,689	---	327,689
Depreciation expense	16,120	---	16,120
Operating income (loss)	(144,865)	3	(144,862)
Non-operating revenue:			
Operating grants	93,995	---	93,995
Donated federal commodities	20,744	---	20,744
Net income (loss)	(30,017)	3	(30,014)
Net working capital	(60,323)	---	(60,323)
Fixed assets:			
Additions	735	---	735
Total assets	278,419	---	278,419
Total liabilities	91,508	96	91,604
Contributed capital	257,206	---	257,206
Total fund equity	186,911	(96)	186,815
Encumbrances outstanding at June 30, 2001	1,387	---	1,387

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. 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% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$116,946, \$116,719, and \$114,428, respectively. Of the contribution requirement, 43.35% has been contributed for fiscal year 2001, and 100% for the fiscal years 2000 and 1999. \$66,252, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides 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 GPFS 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14% of annual covered salary; 9.5% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$526,517, \$480,872, and \$458,936, respectively. Of the contribution requirement, 83.06% has been contributed for fiscal year 2001, and 100% for the fiscal years 2000 and 1999. \$89,180, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2001, three members of the Board of Education have elected social security. The District's liability is 6.2% of wages paid.

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 2001, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$169,237 during fiscal 2001.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$90,001 during the 2001 fiscal year.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types 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:

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

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

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	\$(379,337)	\$(63,798)	\$46,889	\$ 51,527
Net Adjustment for Revenue Accruals	105,658	63,383	5,858	---
Net Adjustment For Expenditure Accruals	(112,269)	(55,956)	---	(18,000)
Net Adjustment for Other Financing Sources/(Uses)	(74,004)	(304)	---	---
Adjustment for Encumbrances	<u>285,590</u>	<u>43,559</u>	<u>---</u>	<u>18,225</u>
GAAP Basis	<u><u>\$(174,362)</u></u>	<u><u>\$(13,116)</u></u>	<u><u>\$52,747</u></u>	<u><u>\$ 51,752</u></u>

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 18 - CONTINGENCIES - (Continued)**

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. State School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 22, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

**NOTE 19 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2000	\$(11,735)	\$(101,640)	\$103,748
Current year set-aside requirement	160,516	160,516	---
Current year set-aside for workers compensation	---	---	1,125
Elimination of budget stabilization reserve	---	---	(104,873)
Current year offsets	---	(225,457)	---
Qualifying disbursements	<u>(168,299)</u>	<u>(160,924)</u>	<u>---</u>
 Total	 <u>\$ (19,518)</u>	 <u>\$(327,505)</u>	 <u>\$ 0</u>
Cash balance carried forward to FY 2002	<u>\$ (19,518)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not taken action to designate these funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

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

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refunds	<u>\$34,588</u>
Total restricted assets	<u>\$34,588</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 20 - SIGNIFICANT SUBSEQUENT EVENTS**

Effective July 1, 2001, the District joined the Columbiana County School Employees Insurance Consortium. The consortium is a shared risk pool that provides services to the member schools including health, dental, prescription drug and life insurance.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$20,371		\$20,745
National School Breakfast Program		10.553	17,363		17,363	
National School Lunch Program		10.555	<u>82,323</u>		<u>82,323</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>99,686</u>	<u>20,371</u>	<u>99,686</u>	<u>20,745</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I - Grants to Local Educational Agencies	CI-S1 2000 C1-S1-2000C C1-S1-2001	84.010 84.010 84.010	66,464 33,987 <u>281,119</u>		87,495 33,987 <u>238,656</u>	
Total Title I			<u>381,570</u>		<u>360,138</u>	
Drug Free Schools	DR-S1 2000 DR-S1 2001	84.186 84.186	0 <u>4,755</u>		1,087 <u>4,133</u>	
Total Drug Free Schools			<u>4,755</u>		<u>5,220</u>	
Eisenhower Professional Development State Grants Title II, Part B	MS-S1-2001	84.281	6,550		6,550	
Goals 2000- State & Local	G2-S8-2000 G2-S2-1999 G2-S4-2001	84.276 84.276 84.276	0 5,600 <u>9,335</u>		1,662 14,613 <u>9,059</u>	
Total Goals 2000			<u>14,935</u>		<u>25,334</u>	
Innovative Education Program	C2-S1 2000 C2-S1 2001 C2-S1 1999C	84.298 84.298 84.298	2,286 4,448 <u>810</u>		3,225 3,771 <u>2,269</u>	
Total Innovative Education Program			<u>7,544</u>		<u>9,265</u>	
Raising the Bar Grant	TF-41 2001 TF-42 2001 TF-43-2001	84.318 84.318 84.318	75,000 50,000 25,000		75,000 50,000 25,000	
Virtual Middle School Grants Total Tech Literacy Challenge Fund	TF-VM 2000	84.318	<u>4,658</u>		<u>5,602</u>	
			<u>154,658</u>		<u>155,602</u>	
Class Size Reduction Subsidy	CR-S1 2000 CR-S1 2001	84.340 84.340	14,388 <u>38,669</u>		15,503 <u>38,669</u>	
Total Class Size Reduction Subsidy			<u>53,057</u>		<u>54,172</u>	
Total Department of Education			<u>623,068</u>		<u>616,281</u>	
<b>Totals</b>			<u><b>\$722,754</b></u>	<u><b>\$20,371</b></u>	<u><b>\$715,967</b></u>	<u><b>\$20,745</b></u>

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
FISCAL YEAR ENDED JUNE 30, 2001**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B-- FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Crestview Local School District  
Columbiana County  
44100 Crestview Road #A  
Columbiana, OH 44408

To the Board of Education:

We have audited the financial statements of the Crestview Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Crestview Local School District in a separate letter dated December 18, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of Crestview Local School District in a separate letter dated December 18, 2001.

Crestview Local School District  
Columbiana County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

December 18, 2001



STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Crestview Local School District  
Columbiana County  
44100 Crestview Road #A  
Columbiana, OH 44408

To the Board of Education:

**Compliance**

We have audited the compliance of the Crestview Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable its major federal program for the year ended June 30, 2001.

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

December 18, 2001

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
JUNE 30, 2001**

**SUMMARY OF AUDITOR'S RESULTS**

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

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**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
JUNE 30, 2001**

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

Finding Number	Finding Summary	Fully <u>Corrected</u> ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <b><i>Explain:</i></b>
2000-11215-001	ORC 5705.39 - total appropriations exceeded total estimated revenue	Corrected - citation was not repeated in current audit	







STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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**CRESTVIEW LOCAL SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 17, 2002**