



Rea & associates *a brighter way*

Crestline Exempted Village School District  
Crawford County, Ohio

*Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2014





# Dave Yost • Auditor of State

Board of Education  
Crestline Exempted Village School District  
401 Heiser Court  
Crestline, Ohio 44827

We have reviewed the *Independent Auditor's Report* of the Crestline Exempted Village School District, Crawford County, prepared by Rea & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 2, 2014

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**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Table of Contents*

Title	Page
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	5
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis .....	12
Statement of Activities – Modified Cash Basis.....	13
Fund Financial Statements:	
Statement of Assets and Fund Balances - Modified Cash Basis – Governmental Funds.....	14
Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis – Governmental Funds .....	15
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis .....	16
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) –General Fund .....	17
Statement of Receipts, Disbursements and Changes in Fund Net Position – Modified Cash Basis – Proprietary Fund .....	18
Statement of Fiduciary Net Position – Modified Cash Basis – Fiduciary Funds .....	19
Statement of Changes in Fiduciary Net Position – Modified Cash Basis – Private Purpose Trust Fund.....	20
Notes to the Basic Financial Statements .....	21
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	45
Independent Auditor's Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by OMB Circular A-133.....	47
Schedule of Expenditures of Federal Awards.....	49
Notes to the Schedule of Federal Expenditures of Federal Awards.....	50
Schedule of Findings and Questioned Costs.....	51
Schedule of Prior Audit Findings .....	53



November 3, 2014

To the Board of Education  
Crestline Exempted Village School District  
Crawford County, Ohio  
401 Heiser Court  
Crestline, OH 44827

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crestline Exempted Village School District, Crawford County, Ohio, (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crestline Exempted Village School District, Crawford County, Ohio, as of June 30, 2014, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

We audited to opine on the School District's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

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

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Millersburg, Ohio

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**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*

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The management's discussion and analysis of the Crestline Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for fiscal year 2014 are as follows:

- q In total, net position decreased \$4,927,153, mostly due to capital outlay disbursements for construction projects.
- q Outstanding debt decreased from \$14,176,151 to \$14,043,151 through principal payments made during the current fiscal year.

***Using this Annual Report***

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2014, the general fund, bond retirement fund and classroom facilities fund are the School District's most significant funds.

***Basis of Accounting***

The School District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and cash equivalents. The *Statement of Activities* reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*

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***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The Statement of Net Position and the Statement of Activities answer this question.

These two statements report the School District's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, bond retirement fund and the classroom facilities fund.

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

**Proprietary Fund** – The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its self-insurance program. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

**Crestline Exempted Village School District  
Crawford County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014*

***Reporting the School District's Fiduciary Responsibilities***

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs. The School District's fiduciary funds include private purpose trust funds for assets held by the School District for the D.A.R.E. program and agency funds for student activities and any tournaments.

**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2014 compared to 2013.

**(Table 1)  
Net Position – Modified Cash Basis**

	Governmental Activities	
	2014	2013
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 3,165,423	\$ 8,002,215
Cash and Investments with Fiscal Agents	1,621,452	1,271,870
Cash and Cash Equivalents with Escrow Agents	48,033	487,976
<i>Total Assets</i>	4,834,908	9,762,061
<b>Net Position</b>		
Restricted for:		
Capital Outlay	861,855	5,365,259
Debt Service	1,935,521	1,501,782
Bus Purchase	0	11,291
Other Purposes	466,290	509,139
Unrestricted	1,571,242	2,374,590
<i>Total Net Position</i>	\$ 4,834,908	\$ 9,762,061

Net position of the governmental activities decreased \$4,927,153, which represents a 50 percent decrease from fiscal year 2013.

A portion of the School District's net position, \$3,263,666 or 68 percent, represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$1,571,242 may be used to meet the School District's ongoing obligations.

A significant decrease in cash of \$4,927,153 was primarily due to the spending down of proceeds received in a prior fiscal year related to the construction project.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*

Table 2 shows the changes in net position for fiscal year 2014 as compared to fiscal year 2013.

**(Table 2)**  
**Changes in Net Position – Modified Cash Basis**

	Governmental Activities	
	2014	2013
<b>Receipts</b>		
<b>Program Receipts</b>		
Charges for Services and Sales	\$ 355,262	\$ 388,976
Operating Grants, Contributions and Interest	998,454	1,205,196
Capital Grants, Contributions and Interest	134,597	331,752
<i>Total Program Receipts</i>	<u>1,488,313</u>	<u>1,925,924</u>
<b>General Receipts</b>		
Property Taxes	2,662,013	2,834,390
Income Taxes	193,034	179,976
Grants and Entitlements not Restricted to Specific Programs	4,944,337	7,025,538
Proceeds from Sale of Capital Assets	30,984	43,946
Investment Earnings	50,215	44,637
Miscellaneous	64,431	34,533
<i>Total General Receipts</i>	<u>7,945,014</u>	<u>10,163,020</u>
<i>Total Receipts</i>	<u>9,433,327</u>	<u>12,088,944</u>
<b>Program Disbursements</b>		
Instruction:		
Regular	3,509,142	3,204,730
Special	1,251,497	1,101,386
Vocational	0	2,863
Student Intervention Services	7,444	50,216
Other	728,939	508,119
Support Services:		
Pupils	338,693	336,972
Instructional Staff	213,226	344,081
Board of Education	35,884	41,339
Administration	655,625	745,449
Fiscal	405,832	332,335
Operation and Maintenance of Plant	738,614	724,928
Pupil Transportation	441,887	286,972
Central	16,998	34,226
Operation of Non-Instructional Services:		
Food Service Operations	340,905	326,503
Community Services	51,441	60,760
Extracurricular Activities	336,899	324,862
Capital Outlay	4,821,237	9,379,807
Debt Service:		
Principal Retirement	133,000	108,000
Interest and Fiscal Charges	333,217	342,509
<i>Total Program Disbursements</i>	<u>14,360,480</u>	<u>18,256,057</u>
<i>Change in Net Position</i>	(4,927,153)	(6,167,113)
<i>Net Position Beginning of Year</i>	9,762,061	15,929,174
<i>Net Position End of Year</i>	<u>\$ 4,834,908</u>	<u>\$ 9,762,061</u>

**Crestline Exempted Village School District  
Crawford County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014*

Grants and entitlements not restricted decreased by \$2,081,201 and capital outlay decreased by \$4,558,570 over last year due to the winding down of the Ohio School Facilities construction project. The School District purchased a school bus in fiscal year 2014, which is primary cause of the increase in pupil transportation disbursements. Fluctuations between regular and special instruction and instructional staff support services expenses are mainly attributed to the re-coding of expenses in accordance with the revised expenditure standards approved by the State Board of Education on December 11, 2012. The expenditure standards revisions addressed operating expenditures and classroom instruction versus non-classroom expenditures.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**(Table 3)  
Governmental Activities – Modified Cash Basis**

	Total Costs of Services		Net Costs of Services	
	2014	2013	2014	2013
<b><i>Program Disbursements</i></b>				
<b>Instruction:</b>				
Regular	\$ 3,509,142	\$ 3,204,730	\$ 3,150,621	\$ 2,781,665
Special	1,251,497	1,101,386	775,150	588,793
Vocational	0	2,863	0	2,863
Student Intervention Services	7,444	50,216	359	43,017
Other	728,939	508,119	728,939	461,528
<b>Support Services:</b>				
Pupils	338,693	336,972	330,804	318,353
Instructional Staff	213,226	344,081	174,370	215,485
Board of Education	35,884	41,339	35,884	41,339
Administration	655,625	745,449	654,796	739,685
Fiscal	405,832	332,335	405,832	332,335
Operation and Maintenance of Plant	738,614	724,928	738,571	706,119
Pupil Transportation	441,887	286,972	441,887	286,972
Central	16,998	34,226	16,998	34,226
<b>Operation of Non-Instructional Services:</b>				
Food Service Operations	340,905	326,503	(1,329)	16,108
Community Services	51,441	60,760	(5,724)	4,084
Extracurricular Activities	336,899	324,862	272,109	258,997
Capital Outlay	4,821,237	9,379,807	4,686,683	9,048,055
<b>Debt Service:</b>				
Principal Retirement	133,000	108,000	133,000	108,000
Interest and Fiscal Charges	333,217	342,509	333,217	342,509
<b>Total Program Disbursements</b>	<b>\$ 14,360,480</b>	<b>\$ 18,256,057</b>	<b>\$ 12,872,167</b>	<b>\$ 16,330,133</b>

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*

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The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for ten percent of all governmental expenses. The community is the largest area of support for the School District students.

***The School District's Funds***

The School District's governmental funds are accounted for using the modified cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$4,834,908, which is lower than the prior year balance of \$9,636,347.

The general fund had total cash receipts of \$7,400,724. The cash disbursements of the general fund totaled \$8,105,726. The general fund's fund balance decreased \$688,925 in 2014. The decrease in fund balance is primarily attributed to increased costs in open enrollment and excess costs, which require the School District to pay other schools for educating students that reside in the School District's limits but attend elsewhere.

The bond retirement fund had total cash receipts of \$608,383. The cash disbursements of the bond retirement fund totaled \$174,644. The increase in fund balance is due to the deferment of principal payments on outstanding long-term obligations resulting in receipts exceeding disbursements.

The classroom facilities fund had total cash receipts of \$43,870 and total cash disbursements of \$4,330,123, for a decrease in fund balance of \$4,286,253 in 2014. The decrease in fund balance is due to the timing of drawdowns and payments to contractors related to Ohio School Facilities construction project.

***General Fund Budgeting Highlights***

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2014, the School District amended its general fund budget several times.

Actual receipts were \$7,308,316, representing an increase of \$216,786 from the final budget basis receipts of \$7,091,530, mostly attributed to receiving more grants and entitlements from the State than anticipated.

For fiscal year 2014, the general fund final budget basis disbursements were \$8,224,100, which is over the original budgeted disbursements of \$7,724,100 by \$500,000 due to expected increases in regular instruction. Actual disbursements of \$8,159,863 were only \$64,237 less than the final budget.



**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*

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***Debt Administration***

The School District had the following long-term obligations outstanding at June 30, 2014 and 2013.

**(Table 4)**  
**Outstanding Debt, at June 30**

	Governmental Activities	
	2014	2013
Ohio School Facilities Construction and Improvement Bonds, Series 2009	\$ 9,913,151	\$ 9,913,151
Lease-Purchase Obligations	4,130,000	4,263,000
<i>Total</i>	\$ 14,043,151	\$ 14,176,151

For further information regarding the School District's debt, refer to Note 6 of the basic financial statements.

***Current Issues***

Crestline Exempted Village School District is fiscally stable for the current fiscal year, however within the next two years many financial challenges lie ahead. It is critical that the School District's management team continues to closely monitor the expenditures of the School District and evaluate options to decrease expenses in order to decrease operating deficits. The goal is to provide a balance between a financially stable School District, while ensuring students are receiving the services they deserve and taxpayer are willing to support. In addition to reducing expenditures, in order to maintain fiscal stability the School District is seeking to increase its current operating revenue by pursuing a 0.75 percent income tax levy in November 2014.

The 2013-2014 school year was the first year all grades were educated in one new building. The Board of Education passed a 8.91 mill bond levy in May 2009 to support the School District's participation with the Ohio School Facilities Commission (OSFC) on a project for a PK-12 facility that is 60 percent funded by the State of Ohio and 40 percent funded by local taxpayers. The total co-funded project is estimated at a cost of \$27,081,678. Additionally, in May 2009 the Board passed a 0.25 percent earned income tax to support Locally Funded Initiatives (LFI) within the building project in the amount of \$4,275,285, to increase the total project cost to an estimated \$31,356,963. Of the total project cost, an estimated \$16,202,807 was funded by the State of Ohio and an estimated \$15,154,156 was funded by local taxpayers.

The School District's management must continue to manage the available resources to meet the student's academic needs while diligently reviewing expenses and budgeting to staying within the five-year plan. The five-year plan is utilized by management to manage resources effectively and efficiently. Additional revenues ideally are not to be treated as a windfall to expand programs but as an opportunity to extend the life of the five-year plan.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Bradd Stevens, Treasurer, Crestline Exempted Village School District, 401 Heiser Court, Crestline, Ohio 44827-0350.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
*June 30, 2014*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 3,165,423
Cash and Investments with Fiscal Agents	1,621,452
Cash and Cash Equivalents with Escrow Agents	48,033
<i>Total Assets</i>	4,834,908
<b>Net Position</b>	
Restricted for:	
Capital Outlay	861,855
Debt Service	1,935,521
Other Purposes	466,290
Unrestricted	1,571,242
<i>Total Net Position</i>	\$ 4,834,908

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Fiscal Year Ended June 30, 2014*

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Receipts and Changes in Net Position
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 3,509,142	\$ 252,252	\$ 106,269	\$ 0	\$ (3,150,621)
Special	1,251,497	26,301	450,046	0	(775,150)
Student Intervention Services	7,444	0	7,085	0	(359)
Other	728,939	0	0	0	(728,939)
Support Services:					
Pupils	338,693	0	7,889	0	(330,804)
Instructional Staff	213,226	0	38,856	0	(174,370)
Board of Education	35,884	0	0	0	(35,884)
Administration	655,625	0	829	0	(654,796)
Fiscal	405,832	0	0	0	(405,832)
Operation and Maintenance of Plant	738,614	0	0	43	(738,571)
Pupil Transportation	441,887	0	0	0	(441,887)
Central	16,998	0	0	0	(16,998)
Operation of Non-Instructional Services:					
Food Service Operations	340,905	9,053	333,181	0	1,329
Community Services	51,441	10,641	46,524	0	5,724
Extracurricular Activities	336,899	57,015	7,775	0	(272,109)
Capital Outlay	4,821,237	0	0	134,554	(4,686,683)
Debt Service:					
Principal Retirement	133,000	0	0	0	(133,000)
Interest and Fiscal Charges	333,217	0	0	0	(333,217)
<b>Totals</b>	<u>\$ 14,360,480</u>	<u>\$ 355,262</u>	<u>\$ 998,454</u>	<u>\$ 134,597</u>	<u>(12,872,167)</u>

**General Receipts**

Property Taxes Levied for:	
General Purposes	2,072,747
Debt Service	476,701
Capital Outlay	112,565
Income Taxes Levied for:	
General Purposes	193,034
Grants and Entitlements not Restricted to Specific Programs	4,944,337
Proceeds from Sale of Capital Assets	30,984
Investment Earnings	50,215
Miscellaneous	64,431
<b>Total General Receipts</b>	<u>7,945,014</u>
Change in Net Position	(4,927,153)
<b>Net Position Beginning of Year</b>	<u>9,762,061</u>
<b>Net Position End of Year</b>	<u>\$ 4,834,908</u>

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*June 30, 2014*

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 1,571,242	\$ 314,069	\$ 616,207	\$ 663,905	\$ 3,165,423
Cash and Investments with Fiscal Agents	0	1,621,452	0	0	1,621,452
Cash and Cash Equivalents with Escrow Agents	0	0	48,033	0	48,033
<i>Total Assets</i>	<u>\$ 1,571,242</u>	<u>\$ 1,935,521</u>	<u>\$ 664,240</u>	<u>\$ 663,905</u>	<u>\$ 4,834,908</u>
<b>Fund Balances</b>					
Restricted	\$ 0	\$ 1,935,521	\$ 664,240	\$ 661,844	\$ 3,261,605
Committed	0	0	0	2,061	2,061
Assigned	744,976	0	0	0	744,976
Unassigned	826,266	0	0	0	826,266
<i>Total Fund Balances</i>	<u>\$ 1,571,242</u>	<u>\$ 1,935,521</u>	<u>\$ 664,240</u>	<u>\$ 663,905</u>	<u>\$ 4,834,908</u>

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balances - Modified Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2014*

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 2,072,747	\$ 476,701	\$ 0	\$ 112,565	\$ 2,662,013
Income Taxes	193,034	0	0	0	193,034
Intergovernmental	4,771,036	86,386	41,654	1,042,780	5,941,856
Investment Income	2,248	45,296	2,216	34	49,794
Tuition and Fees	274,397	0	0	0	274,397
Rent	2,435	0	0	0	2,435
Extracurricular Activities	10,661	0	0	57,015	67,676
Gifts and Donations	10,539	0	0	124,520	135,059
Charges for Services	1,451	0	0	9,303	10,754
Miscellaneous	62,176	0	0	2,694	64,870
<i>Total Receipts</i>	<u>7,400,724</u>	<u>608,383</u>	<u>43,870</u>	<u>1,348,911</u>	<u>9,401,888</u>
<b>Disbursements</b>					
Current:					
Instruction:					
Regular	3,305,376	0	70	127,879	3,433,325
Special	727,412	0	0	490,539	1,217,951
Student Intervention Services	0	0	0	7,444	7,444
Other	728,939	0	0	0	728,939
Support Services:					
Pupils	324,039	0	0	4,000	328,039
Instructional Staff	163,702	0	0	49,306	213,008
Board of Education	35,884	0	0	0	35,884
Administration	638,977	0	0	1,154	640,131
Fiscal	374,933	13,060	0	14,361	402,354
Operation and Maintenance of Plant	719,563	0	0	299	719,862
Pupil Transportation	417,028	0	0	11,509	428,537
Central	16,998	0	0	0	16,998
Extracurricular Activities	266,196	0	0	70,703	336,899
Operation of Non-Instructional Services:					
Food Service Operations	8,041	0	0	383,078	391,119
Capital Outlay	103,669	0	4,330,053	387,515	4,821,237
Debt Service:					
Principal Retirement	133,000	0	0	0	133,000
Interest and Fiscal Charges	141,969	161,584	0	29,664	333,217
<i>Total Disbursements</i>	<u>8,105,726</u>	<u>174,644</u>	<u>4,330,123</u>	<u>1,577,451</u>	<u>14,187,944</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(705,002)</u>	<u>433,739</u>	<u>(4,286,253)</u>	<u>(228,540)</u>	<u>(4,786,056)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	30,984	0	0	0	30,984
Advances In	0	0	0	39,808	39,808
Advances Out	(86,175)	0	0	0	(86,175)
Transfers In	71,268	0	0	38,536	109,804
Transfers Out	0	0	0	(109,804)	(109,804)
<i>Total Other Financing Sources (Uses)</i>	<u>16,077</u>	<u>0</u>	<u>0</u>	<u>(31,460)</u>	<u>(15,383)</u>
<i>Net Change in Fund Balances</i>	<u>(688,925)</u>	<u>433,739</u>	<u>(4,286,253)</u>	<u>(260,000)</u>	<u>(4,801,439)</u>
<i>Fund Balances Beginning of Year</i>	<u>2,260,167</u>	<u>1,501,782</u>	<u>4,950,493</u>	<u>923,905</u>	<u>9,636,347</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,571,242</u>	<u>\$ 1,935,521</u>	<u>\$ 664,240</u>	<u>\$ 663,905</u>	<u>\$ 4,834,908</u>

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Reconciliation of the Statement of Receipts, Disbursements and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2014*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (4,801,439)
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the entity-wide statement of activities. The net receipts (disbursements) of the internal service fund is reported with governmental activities.

(125,714)

*Change in Net Position of Governmental Activities*

\$ (4,927,153)

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,195,269	\$ 2,195,269	\$ 2,072,747	\$ (122,522)
Income Tax	179,976	179,976	193,034	13,058
Intergovernmental	4,422,258	4,422,258	4,674,112	251,854
Interest	10,102	10,102	2,248	(7,854)
Tuition and Fees	247,884	247,884	253,451	5,567
Rent	0	0	2,435	2,435
Gifts and Donations	17,272	17,272	3,155	(14,117)
Customer Sales and Services	6,300	6,300	1,451	(4,849)
Miscellaneous	12,469	12,469	105,683	93,214
<i>Total Receipts</i>	<u>7,091,530</u>	<u>7,091,530</u>	<u>7,308,316</u>	<u>216,786</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	3,102,428	3,602,428	3,292,501	309,927
Special	745,334	745,334	732,624	12,710
Vocational	2,920	2,920	0	2,920
Other	518,280	518,280	728,939	(210,659)
Support Services:				
Pupils	394,901	394,901	323,899	71,002
Instructional Staff	178,616	178,616	156,822	21,794
Board of Education	42,207	42,207	35,884	6,323
Administration	757,208	757,208	639,294	117,914
Fiscal	339,678	339,678	389,234	(49,556)
Operation and Maintenance of Plant	746,304	746,304	739,440	6,864
Pupil Transportation	312,185	312,185	424,494	(112,309)
Central	38,175	38,175	35,347	2,828
Extracurricular Activities	260,271	260,271	266,196	(5,925)
Capital Outlay	170,743	170,743	120,220	50,523
Debt Service:				
Principal Retirement	110,160	110,160	133,000	(22,840)
Interest and Fiscal Charges	4,690	4,690	141,969	(137,279)
<i>Total Disbursements</i>	<u>7,724,100</u>	<u>8,224,100</u>	<u>8,159,863</u>	<u>64,237</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(632,570)</u>	<u>(1,132,570)</u>	<u>(851,547)</u>	<u>281,023</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	43,946	43,946	30,984	(12,962)
Refund of Prior Year Expenditures	0	0	53,309	53,309
Advances In	0	0	1,500	1,500
Advances Out	0	0	(1,500)	(1,500)
Transfers In	0	0	71,268	71,268
Transfers Out	(95,433)	(95,433)	0	95,433
<i>Total Other Financing Sources (Uses)</i>	<u>(51,487)</u>	<u>(51,487)</u>	<u>155,561</u>	<u>207,048</u>
<i>Net Change in Fund Balance</i>	<u>(684,057)</u>	<u>(1,184,057)</u>	<u>(695,986)</u>	<u>488,071</u>
<i>Fund Balance Beginning of Year</i>	2,137,549	2,137,549	2,137,549	0
Prior Year Encumbrances Appropriated	99,356	99,356	99,356	0
<i>Fund Balance End of Year</i>	<u>\$ 1,552,848</u>	<u>\$ 1,052,848</u>	<u>\$ 1,540,919</u>	<u>\$ 488,071</u>

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Statement of Receipts, Disbursements and Changes in Fund Net Position - Modified Cash Basis*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2014*

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	Governmental Activities - Internal Service Fund
<b>Operating Receipts</b>	
Charges for Services	\$ 1,033,718
<b>Operating Disbursements</b>	
Purchased Services	263,863
Claims	942,391
<i>Total Operating Disbursements</i>	<u>1,206,254</u>
<i>Operating Income (Loss)</i>	<u>(172,536)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Interest	<u>455</u>
<i>Income (Loss) before Advances</i>	(172,081)
Advances In	<u>46,367</u>
<i>Change in Net Position</i>	(125,714)
<i>Net Position Beginning of Year</i>	<u>125,714</u>
<i>Net Position End of Year</i>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements.



**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Fiduciary Net Position - Modified Cash Basis*  
*Fiduciary Funds*  
*June 30, 2014*

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 660	\$ 15,236
<i>Total Assets</i>	\$ 660	\$ 15,236
 <b>Net Position</b>		
Held in Trust for Scholarships	\$ 660	\$ 0
Held on Behalf of Student Activities	0	15,236
<i>Total Net Position</i>	\$ 660	\$ 15,236

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Changes in Fiduciary Net Position - Modified Cash Basis*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2014*

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	Scholarship
<b>Additions</b>	\$ 0
<b>Deductions</b>	0
<i>Change in Net Position</i>	0
<i>Net Position Beginning of Year</i>	660
<i>Net Position End of Year</i>	\$ 660

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 1 – Description of the School District and Reporting Entity**

Crestline Exempted Village School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected, five-member Board and lies entirely within Crawford and Richland Counties. The School District provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations’ resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, Crestline Exempted Village School District has no component units.

The following activities are included within the reporting entity:

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

The School District is associated with one jointly governed organization, an insurance pool, and a related entity. These organizations include the Heartland Council of Governments/North Central Ohio Computer Cooperative, the Jefferson Health Plan, and the Crestline Public Library. Information about these organizations is presented in Notes 14, 15 and 16 of the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 2 – Summary of Significant Accounting Policies**

As discussed further in this note, these financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Following are the more significant of the School District's accounting policies.

**A. Basis of Accounting**

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**B. Basis of Presentation - Fund Accounting**

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the School District as a whole. The statements include all funds of the School District except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" receipts and disbursements.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the School District with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general resources of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, fees charged for goods or services and other non-exchange receipts.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The focus of governmental financial statement is on major funds. Each major fund is presented in a single column. Fiduciary funds are reported by type.

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts and disbursements. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental category.

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts, or disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

General Fund – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund – The Bond Retirement Fund is used to account for property tax revenues to pay principal and interest of the School District's bonds.

Classroom Facilities Fund – The Classroom Facilities Fund is used to account for monies received and disbursed for contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources in which the School District is bound to observe constraints imposed upon the use of the resources.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Proprietary Fund Types

Proprietary funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector. The School District has no enterprise funds. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the School District accounts for a self-insurance program, which provides medical, prescription and dental benefits to employees.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include private purpose trust funds and agency funds. The School District's private purpose trust funds account for assets held by the School District for the D.A.R.E. program that are not available to fund the School District's programs. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The School District's agency funds account for various student activities and any tournaments.

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

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

Tax Budget

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

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

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Estimated Resources

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

Appropriations

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as an assigned or restricted fund balance for subsequent-year disbursements of governmental funds.

Lapsing of Appropriations

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

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**D. Cash and Investments**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or used to purchase investments. Individual fund integrity is maintained through School District accounting records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments." Investments with an original maturity of more than three months that are not made from the pool are reported as "investments." During fiscal year 2014, investments were limited to certificates of deposit.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2014 were \$2,248, which includes \$1,132 assigned from other School District funds.

An analysis of the School District's investments is provided in Note 3 of the basic financial statements.

**E. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying modified cash basis financial statements. Depreciation is not recorded on these capital assets.

**F. Accumulated Leave**

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

**G. Long-Term Debt**

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability on the modified cash basis financial statements. The debt proceeds are reported when cash is received and payment of principal and interest are reported as disbursements when paid.

**H. Intergovernmental Receipts**

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grant is received.



**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**I. Inventory and Prepaid Items**

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets, but as disbursements in the accompanying modified cash basis financial statements.

**J. Interfund Transactions**

The School District reports interfund loans as advances in and advances out as other financing sources/uses and after nonoperating receipts/cash disbursements in proprietary funds. These items are not reflected as assets and liabilities in the accompanying financial statements.

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

**L. Equity Classifications**

Government-Wide Statements

Equity is classified as net position and displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net position restricted for other purposes include resources restricted for capital improvements, Federal and State grants restricted to disbursements for specific purposes and food services. As of June 30, 2014, the School District did not have any net position restricted by enabling legislation.
2. Unrestricted net position – All other net position that do not meet the definition of “restricted.”

The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Fund Financial Statements

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

- a. Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As mentioned earlier, the School District first applies restricted resources when, an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**M. Receipts and Disbursements**

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for service, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

**N. Implementation of New Accounting Policies**

For the fiscal year ended June 30, 2014, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the School District.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

**Note 3 – Deposits and Investments**

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

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

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

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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

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

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

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits***

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

*Deposits with Financial Institutions* – At fiscal year-end, the carrying amount of the School District's deposits was \$3,227,686 and the bank balance was \$3,402,233. Of the bank balance, \$748,287 was covered by federal depository insurance and \$2,653,946 was uninsured and collateralized by a 105 percent public depository pool, which was collateralized with securities held by the financial institution's trust department but not in the School District's name. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

*Cash and Investments with Fiscal Agents* – As of June 30, 2014, the School District had a \$(46,367) cash balance with the Jefferson Health Plan, which accounts for the self-insurance fund of employees. The School District is also setting aside monies in a Sinking Fund investment account with U S Bank that will be used to fund the scheduled balloon payment on their long-term obligation described in Note 6. The balance as of June 30, 2014, is \$1,621,452 and has been excluded from the investments reported below as it is not part of the School District's internal investment pool. These amounts are reported on the financial statements as "Cash and Investments with Fiscal Agents."

*Cash and Cash Equivalents with Escrow Agents* – The School District has public fund money market investment accounts with Citizens Bank for retainage monies related to various construction projects and totaling \$48,033. The June 30, 2014, balances of these escrow accounts are reported on the financial statements as "Cash and Cash Equivalents with Escrow Agents."

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

**Note 4 – Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Crawford and Richland Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second-Half Collections		2014 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 48,649,600	76%	\$ 48,400,450	76%
Industrial/Commercial	11,163,000	17%	10,898,760	17%
Public Utility	4,408,760	7%	4,801,350	7%
Total Assessed Value	<u>\$ 64,221,360</u>	<u>100%</u>	<u>\$ 64,100,560</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$75.65		\$73.90	

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

**Note 5 – Income Tax**

On May 5, 2009, the School District’s voters approved a 0.25 percent earned income tax on individuals residing within the School District. The tax became effective on January 1, 2010, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. The School District income tax is credited to the general fund and is used for current operating expenses.

**Note 6 – Long-Term Obligations**

Long-term obligations of the School District at June 30, 2014 consisted of the following:

	Interest Rate	Principal Outstanding 6/30/13	Additions	Reductions	Principal Outstanding 6/30/14	Due Within One Year
Ohio School Facilities Construction and Improvement Bonds, Series 2009	1.63%	\$ 9,913,151	\$ 0	\$ 0	\$ 9,913,151	\$ 0
Lease Purchase Obligations		4,263,000	0	133,000	4,130,000	137,000
<b>Total</b>		<b>\$ 14,176,151</b>	<b>\$ 0</b>	<b>\$ 133,000</b>	<b>\$ 14,043,151</b>	<b>\$ 137,000</b>

**Lease-purchase obligations** – The lease-purchase obligations will be paid from the general fund and the permanent improvement fund (a non-major governmental fund). See Note 7 for more details.

**Ohio Facilities Construction and Improvement Bonds** – On November 24, 2009, the School District issued facilities construction and improvement bonds, series 2009 (taxable tax credit-qualified school construction bonds) in order to fund the local share required under the Classroom Facilities Assistance Program of the Ohio Facilities Construction Commission (OFCC), formerly known as the Ohio School Facilities Commission. These bonds are general obligations of the School District, for which its full faith and credit is pledged for repayment.

Principal and interest payments are made from the bond retirement fund. The source of payment is an 8.9 mill property tax levy passed in May 2009. The bonds mature September 15, 2026. Interest payments on the bonds are due on June 1 and December 1 of each year and totaled \$161,584 for fiscal year 2014. The entire principal amount is due at the final maturity date. The School District is setting aside monies toward this future payment in a sinking fund, described in Note 3 as “Cash and Investments with Fiscal Agents.”

A required sinking fund payment of \$430,000 was paid in fiscal year 2014. Future sinking fund requirements are as follows:

Fiscal Year Ending June 30,	Amount
2015	\$ 435,000
2016	470,000
2017	505,000
2018	515,000
2019	520,000
2020-2024	2,915,000
2025-2027	1,709,982
	<u>\$ 7,069,982</u>

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2014, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 0	\$ 161,584	\$ 161,584
2016	0	161,584	161,584
2017	0	161,584	161,584
2018	0	161,584	161,584
2019	0	161,584	161,584
2020-2024	0	807,920	807,920
2025-2027	9,913,151	369,848	10,282,999
Total	<u>\$ 9,913,151</u>	<u>\$ 1,985,688</u>	<u>\$ 11,898,839</u>

**Note 7 – Lease-Purchase Agreements**

**A. OASBO (Ohio Association of School Business Officials) Capital Pool 1**

On August 13, 2009, the School District entered into a \$4,337,000 lease-purchase agreement with the Columbus Regional Airport Authority to finance a portion of the School District's facilities construction project. The lease agreement required the School District to establish an escrow account with US Bank, as disclosed in Note 3. The School District draws down funds from the account as construction bills come due. Capital assets acquired by the lease have not been capitalized in the cash basis financial statements. Fiscal year 2014 principal and interest payments of \$113,000 and \$171,350, respectively, were paid from the general and permanent improvement funds.

Following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2014:

<u>Fiscal Year Ending June 30,</u>	
2015	\$ 283,411
2016	283,298
2017	283,967
2018	283,373
2019	283,561
2020-2024	1,411,354
2025-2029	1,405,723
2030-2034	1,398,047
2035	<u>278,661</u>
Total minimum lease payments	5,911,395
Less: amounts representing interest	<u>(2,076,395)</u>
Total	<u>\$ 3,835,000</u>



**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**B. OASBO Capital Pool 2**

On March 31, 2010, the School District entered into a \$315,000 lease-purchase agreement with the Columbus Regional Airport authority to pay for the issuance costs and fees related to the School District's bond issue (see Note 6 for details). The agreement required the School District to establish an escrow account with US Bank, as disclosed in Note 3. The School District draws down funds from these accounts as needed in order to cover expenses incurred. Fiscal year 2014 principal and interest payments of \$20,000 and \$11,025, respectively, were paid from the general fund.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2014:

<u>Fiscal Year Ending June 30,</u>	
2015	\$ 30,325
2016	29,638
2017	28,913
2018	28,225
2019	32,525
2020-2024	154,506
2025-2026	<u>63,147</u>
Total minimum lease payments	367,279
Less: amounts representing interest	<u>(72,279)</u>
Total	<u>\$ 295,000</u>

**Note 8 – Risk Management**

**A. Property and Liability**

The School 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 2014, the School District retained property insurance coverage, boiler and machinery coverage, and inland marine floaters in the blanket amount of \$30,763,524 with 100 percent coinsurance, replacement cost endorsement and a \$1,000 deductible for property damage. Vehicles are also covered and hold a \$250 deductible for comprehensive and a \$500 deductible for collision, busses are a \$1000 deductible for both. Automobile liability has a \$5,000,000 limit of liability for bodily injury per person, per occurrence, and property damage.

Hylant Administrative Services, LLC, provides general liability coverage with a \$5,000,000 single occurrence limit and a \$7,000,000 aggregate limit. The general liability insurance does not carry a deductible.

There has been no significant reduction in insurance coverage from last fiscal year, nor have there been any claims in excess of coverage limits in any of the past three years.

**B. Workers' Compensation**

The School District uses the firm of Sheakley to provide administrative support for claims processing, and to assist the School District in compliance with Bureau of Workers Compensation and Industrial Commission regulations. The School District purchases its workers compensation coverage from the Ohio Bureau of Workers Compensation.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**C. Employee Dishonesty Bonds**

The School District carries employee dishonesty bonds for the Superintendent, Assistant Treasurer, and all Board Members, in the amount of \$20,000. Also, an employee blanket dishonesty bond in the amount of \$25,000 is provided to cover all other employees of the School District.

**D. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through Metropolitan Education Council (MEC) in the amount of \$40,000. Administrative staff is insured as follows:

Superintendent	\$40,000
Treasurer	56,000
High School Principal	71,000
Elementary Principal	67,000

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

**E. Employee Group Medical and Dental Insurance**

The School District offers medical, prescription, and dental insurance to employees through a self-insurance program. The School District has established a self-insurance internal service fund to account for this activity. The School District is a member of the Jefferson Health Plan self-insurance plan, a claims servicing pool, consisting of over fifty members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The Jefferson County Educational Service Center is fiscal agent for the Jefferson Health Plan self-insurance plan.

**Note 9 – Pension Plans**

**A. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$175,471, \$131,150, and \$126,102, respectively; 86 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System**

Plan Description - The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$366,429, \$384,096, and \$404,921, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$14,292 made by the School District and \$11,230 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 10 – Post Employment Benefits**

**A. School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013, and 2012 were \$20,108, \$26,911, and \$21,999, respectively; 86 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$10,180, \$7,437, and \$7,447, respectively; 86 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System**

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$28,187, \$29,546, and \$31,148, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 11 – Budgetary Basis of Accounting**

The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Modified Cash Basis), presented for the general fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the modified cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the modified cash basis for the general fund is as follows:

	General Fund
Budget basis	\$ (695,986)
Funds budgeted elsewhere**	7,367
Advances out for negative cash	(86,175)
Adjustment for encumbrances	85,869
Modified cash basis	\$ (688,925)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a modified cash basis. This includes uniform school supplies, public school support funds and unclaimed monies.

**Note 12 - Interfund Transactions**

At June 30, 2014, the general fund advanced \$86,175 to cover negative cash balances in the internal service fund (\$46,367) and the public school preschool (\$2,394) and Title VI-B (\$37,414) special revenue funds. These are expected to be repaid within one year.

During fiscal year 2014, the data communications special revenue fund transferred \$71,268 to the general fund in accordance with Ohio Rev. Code Section 5705.41 as the unexpended fund balance after payment of all obligations of an activity that no longer exists. In addition, the permanent improvement fund transferred \$38,536 to the classroom facilities maintenance fund in accordance with the OFCC agreement.

**Note 13 – Statutory Reserves**

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

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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The following cash basis information identifies the changes in the fund balance reserves for capital improvements during fiscal year 2014.

	Capital Maintenance Reserve
Set Aside Restricted Balance June 30, 2013	\$ 0
Current Year Set Aside Requirement	118,913
Current Year Qualifying Disbursements	0
Excess Qualified Disbursements from Prior Years	0
Current Year Offsets	(173,041)
Prior Year Offsets from Bond Proceeds	0
Total	\$ (54,128)
Balance Carried Forward to Fiscal Year 2015	\$ 0
Set Aside Restricted Balance June 30, 2014	\$ 0

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

**Note 14 – Jointly Governed Organization**

Heartland Council of Governments/North Central Ohio Computer Cooperative (the “COG”) – The COG is a jointly governed organization among 16 school districts, one educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2014, the School District paid \$123,288 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875- 0309.

**Note 15 – Insurance Purchasing Pool**

Jefferson Health Plan – The School District is a participant with several other school districts in an insurance purchasing pool to operate the Jefferson Health Plan was formed for the purpose of providing insurance. The Jefferson Plan is governed by a board of directors consisting of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 16 – Related Entity**

Crestline Public Library (the “Library”)

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

**Note 17 – Commitments**

**A. Contractual**

At June 30, 2014, the School District had a contractual commitment of \$144,400 to Techline Sports Lighting for improvements to the stadium. No payments have been made on this contract.

**B. Significant Encumbrances**

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District’s commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 86,104
Classroom Facilities Fund	67,716
Other Governmental	198,876
Total Governmental Funds	<u>\$ 352,696</u>

**Note 18 – Contingencies**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

**B. Litigation**

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.



**Crestline Exempted Village School District**  
**Crawford County, Ohio**

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

**Note 19 – Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>Restricted for:</b>					
Capital Improvements	\$ 0	\$ 0	\$ 664,240	\$ 197,615	\$ 861,855
Debt Service	0	1,935,521	0	0	1,935,521
Classroom Maintenance	0	0	0	286,725	286,725
Food Service Operations	0	0	0	93,204	93,204
School Supplies	0	0	0	6,921	6,921
Student Activities	0	0	0	16,739	16,739
Educational Activities	0	0	0	59,400	59,400
Auxillary Services	0	0	0	1,240	1,240
<b>Total Restricted</b>	<u>0</u>	<u>1,935,521</u>	<u>664,240</u>	<u>661,844</u>	<u>3,261,605</u>
<b>Committed to:</b>					
Staff Activities	0	0	0	2,061	2,061
<b>Total Committed</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,061</u>	<u>2,061</u>
<b>Assigned for:</b>					
Encumbrances:					
Instruction	8,453	0	0	0	8,453
Support Services	60,864	0	0	0	60,864
Capital Improvements	16,552	0	0	0	16,552
Public School Support	235	0	0	0	235
Subsequent Year Appropriations	658,872	0	0	0	658,872
<b>Total Assigned</b>	<u>744,976</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>744,976</u>
<b>Unassigned</b>	<u>826,266</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>826,266</u>
<b>Total Fund Balance</b>	<u><b>\$ 1,571,242</b></u>	<u><b>\$ 1,935,521</b></u>	<u><b>\$ 664,240</b></u>	<u><b>\$ 663,905</b></u>	<u><b>\$ 4,834,908</b></u>

**Note 20 – Compliance**

Ohio Administrative Code, Section 117-2-03(B), requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2014, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code, Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

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November 3, 2014

To the Board of Education  
Crestline Exempted Village School District  
Crawford County, Ohio  
401 Heiser Court  
Crestline, OH 44827

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestline Exempted Village School District, Crawford County, Ohio (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 3, 2014, wherein we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2014-001.

### **The School District's Response to Findings**

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Millersburg, Ohio

November 3, 2014

To the Board of Education  
Crestline Exempted Village School District  
Crawford County, Ohio  
401 Heiser Court  
Crestline, OH 44827

**Independent Auditor's Report on Compliance for Each Major Federal Program; and  
Report on Internal Control over Compliance Required by OMB Circular A-133**

***Report on Compliance for Each Major Federal Program***

We have audited Crestline Exempted Village School District's, Crawford County, Ohio (the School District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Hea & Associates, Inc.*

Millersburg, Ohio

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2014*

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
<b>U. S. Department of Education</b>				
<b>(Passed Through Ohio Department of Education):</b>				
<i>Title I:</i>				
Title I	84.010	2013	\$ 84,329	\$ 42,531
Title I	84.010	2014	156,285	200,954
Title I - School Improvement	84.010	2013	5,500	7,011
Title I - School Improvement	84.010	2014	35,628	36,200
<i>Total Title I</i>			281,742	286,696
<i>Special Education Cluster:</i>				
Special Education_Grants to States	84.027	2013	23,943	28,345
Special Education_Grants to States	84.027	2014	117,627	155,041
Total Special Education_Grants to States			141,570	183,386
Special Education_Preschool Grants	84.173	2014	4,000	4,000
<i>Total Special Education Cluster</i>			145,570	187,386
Title VI-B Rural and Low Income	84.358	2013	8,038	8,533
Title VI-B Rural and Low Income	84.358	2014	11,008	714
Total Title VI-B Rural and Low Income			19,046	9,247
Title II-A Improving Teacher Quality	84.367	2013	6,394	7,502
Title II-A Improving Teacher Quality	84.367	2014	42,605	41,731
Total Title II-A			48,999	49,233
Race to the Top	84.395	2014	700	0
Total U.S. Department of Education			496,057	532,562
<b>U. S. Department of Agriculture</b>				
<b>(Passed Through Ohio Department of Education):</b>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	2014	115,933	115,933
National School Lunch Program: Non-Cash Assistance	10.555	2014	19,678	19,678
National School Lunch Program: Cash Assistance	10.555	2014	211,603	211,603
<i>Total Child Nutrition Cluster</i>			347,214	347,214
Child and Adult Care Food Program	10.558	2014	3,224	3,224
Total U.S. Department of Agriculture			350,438	350,438
Total Federal Assistance			<b>\$ 846,495</b>	<b>\$ 883,000</b>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2014*

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**Note A – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Crestline Exempted Village School District (the “School District”) and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**Note B – National School Lunch Program**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value). Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**Note C – Matching Requirements**

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.

**Note D – Transfers**

The School District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education’s (ODE) approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. During fiscal year 2014, the ODE authorized the following transfer:

<u>CFDA</u>		<u>Program</u>		
<u>Number</u>	<u>Program Title</u>	<u>Year</u>	<u>Transfers Out</u>	<u>Transfers In</u>
84.010	Title I	2013	\$ 78,628	
84.010	Title I	2014		\$ 78,628
84.358	Title VI-B	2013	\$ 2,307	
84.358	Title VI-B	2014		\$ 2,307
84.367	Title II-A	2013	\$ 476	
84.367	Title II-A	2014		\$ 476



**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133, Section .505*  
*June 30, 2014*

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
----------------------------------------

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Special Education Cluster: Special Education-Grants to States Special Education-Preschool Grants Title I	CFDA #  84.027 84.173 84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Schedule of Findings and Questioned Costs (Continued)*  
*OMB Circular A-133, Section .505*  
*June 30, 2014*

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
-------------------------------------------------------------------------------------------------------------

**Finding Number:** 2014-001 – **Material Noncompliance**

**Criteria:** Ohio Administrative Code Section 117-2-03 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles.

**Condition Found:** For fiscal year 2014, the District prepared its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Effect:** The accompanying basic financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

**Recommendations:** The District should implement procedures to prepare its annual financial report in accordance with generally accepted accounting principles.

**Management's Response/Corrective Action:** Contact Person: Bradd Stevens, Treasurer  
No corrective action will be implemented. The District plans to continue reporting on the cash basis of accounting.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
------------------------------------------------------------

**None**

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Schedule of Prior Audit Findings*  
*For the Fiscal Year Ended June 30, 2014*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2013-001	Financial Statements – Should be prepared in accordance with generally accepted accounting principles.	No	Not Corrected – The School District plans to continue reporting on the modified cash basis of accounting.
2013-002	Construction manager fees were paid directly by OSFC. The associated revenue and expense was not recorded by the School District as it had no effect on cash accounts.	Yes	Corrected
2013-003	School District did not complete time and effort logs for Title I employees.	Yes	Corrected

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# Dave Yost • Auditor of State

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**

**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 16, 2014**