

**CRESTLINE EXEMPTED
VILLAGE SCHOOL DISTRICT**

CRAWFORD COUNTY, OHIO

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

(Audited)

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2001*

BARBARA J. DONOHUE, TREASURER



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Board of Education
Crestline Exempted Village School District
511 S. Thoman
Crestline, Ohio 44827

We have reviewed the Independent Auditor's Report of the Crestline Exempted Village School District, Crawford County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2000 through June 30, 2001. 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.

JIM PETRO
Auditor of State

January 2, 2002

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**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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Independent Auditor's Report

Board of Education
Crestline Exempted Village School District
511 South Thoman
Crestline, Ohio 44827

We have audited the accompanying general purpose financial statements of the Crestline Exempted Village School District, Crawford, Ohio, as of and for the fiscal year ended June 30, 2001. These general purpose financial statements are the responsibility of Crestline Exempted Village School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2001, on our consideration of the Crestline Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
November 30, 2001

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account Groups		Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General		Long-Term Obligations
								Fixed Assets		
ASSETS AND OTHER DEBITS										
ASSETS:										
Equity in pooled cash and cash equivalents	\$676,973	\$299,247	\$117,218	\$196,422	\$189,424	\$545,460	\$15,378		\$2,040,122	
Equity in pooled cash and cash equivalents - nonexpendable trust fund							4,250		4,250	
Receivables (net of allowances of uncollectibles):										
Taxes - current & delinquent	2,665,776		135,041	440,937	8,261				3,241,754	
Accounts	16								8,277	
Due from other governments		83,440							83,440	
Interfund loan receivable	54,408								54,408	
Advances to other funds	11,286								11,286	
Prepayments	1,912								1,912	
Materials and supplies inventory	15,018				3,747				18,765	
Restricted assets:										
Equity in pooled cash and cash equivalents	50,644								50,644	
Property, plant and equipment (net of accumulated depreciation where applicable)					67,085			\$5,149,177	5,216,262	
OTHER DEBITS:										
Amount available in debt service fund								\$145,942	145,942	
Amount to be provided for retirement of general long-term obligations								414,225	414,225	
Total assets and other debits	\$3,476,033	\$382,687	\$252,259	\$637,359	\$268,517	\$545,460	\$19,628	\$5,149,177	\$11,291,287	

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account Groups		Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General		Long-Term
								Fixed Assets		Obligations
LIABILITIES, EQUITY AND OTHER CREDITS										
LIABILITIES:										
Accounts payable	\$4,088	\$3,923		\$18,270					\$8,011	
Contracts payable									18,270	
Accrued wages and benefits	620,891	95,302			\$27,397				743,590	
Compensated absences payable	59,914	491			12,196			\$259,069	331,670	
Pension obligation payable	81,686	12,678			18,565			41,098	154,027	
Due to other governments	25,514								25,514	
Interfund loan payable		54,408							54,408	
Advances from other funds		11,286							11,286	
Deferred revenue	2,097,583		\$ 106,317	347,163	2,615	\$211,537			2,533,678	
Claims payable							\$9,998		211,537	
Due to students									9,998	
General obligation bonds payable								260,000	260,000	
Total liabilities	2,889,676	178,088	106,317	365,433	60,773	211,537	9,998	560,167	4,381,989	
EQUITY AND OTHER CREDITS:										
Investment in general fixed assets								\$5,149,177	5,149,177	
Contributed capital					26,086				26,086	
Retained earnings: unreserved					181,658	333,923			515,581	
Fund balances:										
Reserved for encumbrances	11,150	66,051		32,035					109,236	
Reserved for prepayments	1,912								1,912	
Reserved for materials and supplies inventory	15,018								15,018	
Reserved for debt service			117,260						117,260	
Reserved for tax revenue unavailable for appropriation	565,878		28,682	93,656					688,216	
Reserved for principal endowment							4,250		4,250	
Reserved for advances	11,286								11,286	
Reserved for BWC refunds	35,920								35,920	
Reserved for textbooks	14,724								14,724	
Unreserved-undesignated (deficit)	(69,531)	138,548		146,235			5,380		220,632	
Total equity and other credits	586,357	204,599	145,942	271,926	207,744	333,923	9,630	5,149,177	6,909,298	
Total liabilities, equity and other credits	\$3,476,033	\$382,687	\$252,259	\$637,359	\$268,517	\$545,460	\$19,628	\$5,149,177	\$11,291,287	

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$2,557,233		\$137,541	\$87,975		\$2,782,749
Tuition	12,271					12,271
Earnings on investments	109,044	\$1,185				110,229
Extracurricular		101,628				101,628
Other local revenues	43,372	10,824		1,151	\$5,791	61,138
Restricted grants		2,731				2,731
Intergovernmental - State	3,297,568	415,077	7,325	202,646		3,922,616
Intergovernmental - Federal		469,482				469,482
Total revenues	6,019,488	1,000,927	144,866	291,772	5,791	7,462,844
Expenditures:						
Current:						
Instruction:						
Regular	2,639,434	432,521		17,388	3,241	3,092,584
Special	382,891	214,117				597,008
Vocational	180,432					180,432
Support services:						
Pupil	216,906	51,670				268,576
Instructional staff	291,205	97,720		55,963		444,888
Board of Education	76,937					76,937
Administration	674,374	10,123				684,497
Fiscal	206,178		162	3,533		209,873
Operations and maintenance	660,624	10,442		189,123		860,189
Pupil transportation	314,268					314,268
Community services		13,200			1,486	14,686
Extracurricular activities	182,411	78,966			60	261,437
Intergovernmental pass through		34,556				34,556
Debt service:						
Principal retirement			140,000			140,000
Interest and fiscal charges			19,187			19,187
Total expenditures	5,825,660	943,315	159,349	266,007	4,787	7,199,118
Excess of revenues over/ (under) expenditures	193,828	57,612	(14,483)	25,765	1,004	263,726
Other financing sources (uses):						
Operating transfers in			114,653	47,059		161,712
Operating transfers out	(114,653)			(47,059)		(161,712)
Total other financing sources (uses)	(114,653)		114,653	0		0
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	79,175	57,612	100,170	25,765	1,004	263,726
Fund balances, July 1	503,973	146,987	45,772	246,161	4,376	947,269
Increase in reserve for inventory	3,209					3,209
Fund balances, June 30	\$586,357	\$204,599	\$145,942	\$271,926	\$5,380	\$1,214,204

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

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

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$2,719,637	\$2,667,198	(\$52,439)				\$7,061	\$32,559	\$25,498	\$157,585	\$157,585	\$0	\$2,884,283	\$2,857,342	(\$26,941)
Tuition.....	12,512	12,271	(241)										12,512	12,271	(241)
Earnings on investments.....	112,200	110,037	(2,163)										113,385	111,222	(2,163)
Extracurricular.....				\$1,185	\$1,185	\$0							101,628	101,628	0
Other local revenues.....	49,441	48,488	(953)	10,824	10,824	0				151	151	0	60,416	59,463	(953)
Restricted grants.....				2,731	2,731	0								2,731	0
Intergovernmental - State.....	3,362,400	3,297,568	(64,832)	416,788	416,788	0	1,589	7,325	5,736	203,647	203,647	0	3,984,424	3,925,328	(59,096)
Intergovernmental - Federal.....				384,332	384,332	0							384,332	384,332	0
Total revenues.....	6,256,190	6,135,562	(120,628)	917,488	917,488	0	8,650	39,884	31,234	361,383	361,383	0	7,543,711	7,454,317	(89,394)
Expenditures:															
Current:															
Instruction:															
Regular.....	2,648,956	2,643,755	5,201	445,710	474,566	(28,856)				44,719	39,563	5,156	3,139,385	3,157,884	(18,499)
Special.....	371,489	370,760	729	193,360	205,879	(12,519)							564,849	576,639	(11,790)
Vocational.....	181,993	181,636	357										181,993	181,636	357
Support services:															
Pupil.....	217,524	217,097	427	47,475	50,549	(3,074)							264,999	267,646	(2,647)
Instructional staff.....	285,810	285,249	561	89,152	94,924	(5,772)				63,256	55,963	7,293	438,218	436,136	2,082
Board of Education.....	67,212	67,080	132										67,212	67,080	132
Administration.....	677,033	675,704	1,329	12,576	13,390	(814)							689,609	689,094	515
Fiscal.....	207,011	206,605	406										211,162	210,296	866
Operations and maintenance.....	658,136	656,844	1,292	9,121	9,712	(591)	161	161	0	3,990	3,530	460	860,375	837,409	22,966
Pupil transportation.....	310,619	310,009	610							193,118	170,853	22,265	310,619	310,009	610
Community services.....				12,049	12,829	(780)							12,049	12,829	(780)
Extracurricular activities.....	192,658	192,280	378	73,684	78,455	(4,771)							266,342	270,735	(4,393)
Intergovernmental pass through.....				52,861	56,283	(3,422)							52,861	56,283	(3,422)
Debt service:															
Principal retirement.....				35,000	35,000	0				118,683	105,000	13,683	153,683	140,000	13,683
Interest and fiscal charges.....				2,953	2,953	0				18,350	16,234	2,116	21,303	19,187	2,116
Total expenditures.....	5,818,441	5,807,019	11,422	935,988	996,587	(60,599)	38,114	38,114	0	442,116	391,143	50,973	7,234,659	7,232,863	1,796
Excess of revenues over/ (under) expenditures.....	437,749	328,543	(109,206)	(18,500)	(79,099)	(60,599)	(29,464)	1,770	31,234	(80,733)	(29,760)	50,973	309,052	221,454	(87,598)
Other financing sources (uses):															
Operating transfers in.....	20,393	20,000	(393)												
Operating transfers out.....	(139,176)	(138,903)	273				29,865	114,653	84,788	47,059	47,059	0	97,317	181,712	84,395
Advances in.....				54,965	54,965	0				(53,192)	(47,059)	6,133	(192,368)	(185,962)	6,406
Advances out.....	(54,515)	(54,408)	107	(523)	(557)	(34)							54,965	0	54,965
Total other financing sources (uses).....	(173,298)	(173,311)	(13)	54,442	54,408	(34)	29,865	114,653	84,788	(6,133)	0	6,133	(95,124)	(4,250)	90,874
Excess of revenues and other financing sources over/ (under) expenditures and other financing uses.....	264,451	155,232	(109,219)	35,942	(24,691)	(60,633)	401	116,423	116,022	(86,866)	(29,760)	57,106	213,928	217,204	3,276
Fund balances, July 1.....	538,300	538,300	0	246,921	246,921	0	795	795	0	124,727	124,727	0	910,743	910,743	0
Prior year encumbrances appropriated.....	22,935	22,935	0	8,191	8,191	0	0	0	0	79,280	79,280	0	110,406	110,406	0
Fund balances, June 30.....	\$825,686	\$716,467	(\$109,219)	\$291,054	\$230,421	(\$60,633)	\$1,196	\$117,218	\$116,022	\$117,141	\$174,247	\$57,106	\$1,235,077	\$1,238,353	\$3,276

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees	\$152,870			\$152,870
Sales/charges for services.	138,046	\$738,431		876,477
Donations			\$4,250	4,250
Total operating revenues	290,916	738,431	4,250	1,033,597
Operating expenses:				
Personal services	256,490			256,490
Contract services	21,589	80,294		101,883
Materials and supplies	168,409			168,409
Depreciation	4,392			4,392
Claims expenses		629,473		629,473
Other	733			733
Total operating expenses	451,613	709,767	0	1,161,380
Operating income (loss)	(160,697)	28,664	4,250	(127,783)
Nonoperating revenues:				
Operating grants	130,712			130,712
Federal commodities	23,176			23,176
Miscellaneous	1,071			1,071
Investment earnings	4,549			4,549
Total nonoperating revenues	159,508			159,508
Net income (loss)	(1,189)	28,664	4,250	31,725
Retained earnings/fund balance, July 1	182,847	305,259	0	488,106
Retained earnings/fund balance, June 30.	<u>\$181,658</u>	<u>\$333,923</u>	<u>\$4,250</u>	<u>\$519,831</u>

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

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
Cash flows from operating activities:				
Cash received from donations			\$4,250	\$4,250
Cash received from tuition and fees	\$151,620			151,620
Cash received from sales/service charges	138,046	\$738,431		876,477
Cash payments for personal services	(253,436)			(253,436)
Cash payments for contract services	(21,726)	(80,294)		(102,020)
Cash payments for materials and supplies	(144,703)			(144,703)
Cash payments for claims expenses		(544,602)		(544,602)
Cash payments for other expenses	(733)			(733)
Net cash provided by (used in) operating activities	<u>(130,932)</u>	<u>113,535</u>	<u>4,250</u>	<u>(13,147)</u>
Cash flows from noncapital financing activities:				
Cash received from operating grants	130,712			130,712
Cash received from other noncapital financing activities	1,071			1,071
Net cash provided by noncapital financing activities	<u>131,783</u>			<u>131,783</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,315)			(1,315)
Net cash used in capital and related financing activities	<u>(1,315)</u>			<u>(1,315)</u>
Cash flows from investing activities:				
Interest on cash equivalents	4,549			4,549
Net cash provided by investing activities	<u>4,549</u>			<u>4,549</u>
Net increase in cash and cash equivalents	4,085	113,535	4,250	121,870
Cash and cash equivalents at beginning of year	185,339	431,925	0	617,264
Cash and cash equivalents at end of year	<u>\$189,424</u>	<u>\$545,460</u>	<u>\$4,250</u>	<u>\$739,134</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(\$160,697)	\$28,664	\$4,250	(\$127,783)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	4,392			\$4,392
Federal donated commodities	23,176			23,176
Changes in assets and liabilities:				
Decrease in materials and supplies inventory	257			257
Increase in accounts receivable	(1,250)			(1,250)
Decrease in accounts payable	(173)			(173)
Increase in accrued wages and benefits	1,096			1,096
Decrease in compensated absences payable	(2,263)			(2,263)
Increase in pension obligation payable	4,221			4,221
Increase in claims payable		84,871		84,871
Increase in deferred revenue	309			309
Net cash provided by (used in) operating activities	<u>(\$130,932)</u>	<u>\$113,535</u>	<u>\$4,250</u>	<u>(\$13,147)</u>
Noncash Investing, Capital and Financing Activities:				
Contributed capital:				
Contributions from other funds	<u>\$16,786</u>			

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Crestline Exempted Village School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District ranks as the 488th largest by enrollment among the 682 public and community school districts in the State. The District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the District’s four instructional/support facilities staffed by 73 classified, 51 certificated full-time teaching personnel, and seven administrators who provide services to 1,047 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity.” When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

PUBLIC ENTITY RISK POOL

Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP)

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code (see Note 12.D).

JOINTLY GOVERNED ORGANIZATION

Heartland Council of Governments (the COG)

The COG (formerly know as North Central Ohio Computer Cooperative) is a jointly governed organization among 15 school districts and one county educational service center. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic technology to administrative and instructional functions. Each member district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in the COG. 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.

RELATED ENTITY

Crestline Public Library (the "Library")

The District appoints the governing board of the Library; however, the District cannot influence the Library's operation, nor does the Library represent a potential financial benefit for or burden on the District. The 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 District must place the levy on the ballot. The Library may not issue debt. The Library determines its own budget.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

PROPRIETARY FUNDS

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

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

Internal Service Funds - The internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust fund, a nonexpendable trust fund and agency funds. The expendable trust fund is accounted for in the same manner as governmental funds. The nonexpendable trust fund is accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are presented on a budget basis, with note disclosure, regarding items, which, in other fund types, would be subject to accrual. There were no agency accruals at June 30, 2001.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

ACCOUNT GROUPS

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

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

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

C. Measurement Focus/Basis of Accounting

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2001, and which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

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

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

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; however, costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

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

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

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2001.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

E. Cash and Investments

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

During fiscal year 2001, investments were limited to certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2001 amounted to \$109,044, which includes \$73,253 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

F. Materials and Supplies Inventory

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

Inventories of proprietary funds consist of donated food, purchased food, food service paper, and janitorial supplies and are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

H. Intergovernmental Revenues

In governmental funds, entitlements, and non-reimbursable grants (to the extent eligibility requirements were met prior to year-end) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

Education Management Information Systems
Title VI-B
Teacher Professional Development
Title I
Title VI
Drug-Free School Grant
Safe Schools Helpline
Extended Learning Opportunity
Performance Incentive Grant
Raising the Bar Grant
Disadvantaged Pupil Impact Aid
Auxiliary Services
Public School Preschool
EHA Preschool Grants for the Handicapped
Education for Economic Security Act
Miscellaneous Federal Grants
Data Communications
SchoolNet Professional Development
Goals 2000
Tech Literacy Challenge

Non-Reimbursable Grants - (Continued)

Special Revenue Funds - (Continued)

Ohio Reads
Safe & Drug Free School Coordinator
Class Size Reduction

Capital Projects Funds

Technology Equity
Permanent Improvement
Classroom Facilities
SchoolNet

Reimbursable Grants

General Fund

Driver Education Reimbursement
Vocational Education Travel/Salary

Special Revenue Fund

Telecommunications

Proprietary Funds

National School Lunch Program
School Breakfast Program
Government Donated Commodities
(Food Distribution)
Daycare Program
Preschool Program
Library Automation

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

Grants and entitlements amounted to approximately 52% of the District's operating revenue during the 2001 fiscal year.

I. Compensated Absences

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

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

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

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal interest. GAAP requires the allocation of the debt liability among the general and the general long-term obligations account group, with principal and interest payments on matured general long-term debt being reported in the debt service fund. To comply with the GAAP reporting requirements, the District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants, or contributions from developers, customers, or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end.

L. Fund Equity

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, materials and supplies inventory, debt service, tax revenue unavailable for appropriation, advances, Bureau of Worker's Compensation (BWC) refunds, principal endowment, and textbooks. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under State statute.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

M. Interfund Transactions

Transactions between funds during the normal course of operations may occur. These may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans, accrued interfund reimbursements, and accrued operating transfers are reflected as "interfund loans receivable and payable". The District had short-term interfund loans receivable and payable at June 30, 2001.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term advances receivable and payable at June 30, 2001.

See Note 5 for an analysis of interfund transactions.

N. Restricted Assets

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

O. Estimates

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

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

P. Prepayments

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

Q. Parochial Schools

Within the 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 District, as directed by the parochial schools. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

R. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balance at June 30, 2001, included the following individual fund deficits:

	<u>Deficit Balances</u>
<u>Special Revenue Funds</u>	
Public School Preschool	\$35,783
Title VI-B	5,229
Title I	16,057

The Public School Preschool, Title VI-B, and Title I special revenue funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. These deficit fund balances are caused by accruing wage, benefit and retirement obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues and subsidies not recognized at June 30, 2001.

C. Budgetary Compliance

In accordance with the Ohio revised Code Section 5705.41 (B) the following funds had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 2001:

<u>Fund Type</u> <u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u> <u>Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Auxiliary Services	\$ 33,228	\$ 56,283	\$23,055
Management Information System	269	2,269	2,000
Data Communication	11,086	15,086	4,000
Ohio Reads	22,100	24,600	2,500
Miscellaneous Federal Grants	141,132	177,788	36,656
<u>Capital Projects Fund:</u>			
SchoolNet	45,308	67,208	21,900
<u>Enterprise Fund:</u>			
Preschool	103,502	135,156	31,654

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Cash on hand: At fiscal year-end, the District had \$373 in undeposited cash on hand, which is included on the combined balance sheet of the District as part of “Equity in Pooled Cash and Cash Equivalents.”

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

Deposits: At year-end, the carrying amount of the District's deposits, was \$59,678 and the bank balance, was \$142,368. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$42,368 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

	Category 3	Reported Amount	Fair Value
Repurchase agreement	\$165,000	\$ 165,000	\$ 165,000
Investment in STAR Ohio	_____	1,869,965	1,869,965
Total investments	\$165,000	\$2,034,965	\$2,034,965

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 2,095,016	\$ 0
Investments of the cash Management pool:		
Repurchase agreements	(165,000)	165,000
Investment in STAR Ohio	(1,869,965)	1,869,965
Cash on hand	(373)	---
GASB Statement No. 3	\$ 59,678	\$2,034,965

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS

A. The District had the following long-term advances outstanding at June 30, 2001:

	<u>Advance to Other Fund</u>	<u>Advance from Other Fund</u>
General Fund	\$11,286	\$ ---
<u>Special Revenue Funds:</u>		
District Managed Student Activity	---	7,250
Disadvantaged Pupil Impact Aid	<u> </u>	<u>4,036</u>
Total	<u>\$11,286</u>	<u>\$11,286</u>

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$54,408	\$ ---
<u>Special Revenue Funds:</u>		
Title I	---	50,901
Drug Free School Grant	<u>---</u>	<u>3,507</u>
Total	<u>\$54,408</u>	<u>\$54,408</u>

C. The following is a summarized breakdown of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$114,653
Debt Service Fund	114,653	---
<u>Capital Projects Funds:</u>		
Permanent Improvement		47,059
Classroom Facilities	<u>47,059</u>	<u>---</u>
Total	<u>\$161,712</u>	<u>\$161,712</u>

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

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

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$74,291,659. Agricultural/residential and public utility real estate represented \$39,774,075 or 53.54% of this total; commercial & industrial real estate represented \$11,902,355 or 16.02% of this total, public utility tangible represented \$8,830,482 or 11.89% of this total and general tangible property represented \$13,784,747 or 18.55% of this total. The voted general tax rate at the fiscal year ended June 30, 2001 was \$58.7 per \$1,000.00 of assessed valuation for operations, \$3.00 per \$1,000.00 of assessed valuation for permanent improvements and \$1.05 per \$1,000.00 of assessed valuation for debt retirement.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The District receives property taxes from Richland and Crawford Counties. The respective County Treasurers collect property taxes on behalf of the District. The respective County Auditors periodically remit to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. A total of \$688,216 available to the District as an advance at June 30 and is recognized as revenue.

Taxes available for advance and recognized as revenue, but not received by the district prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts, and interfund loans. All receivables are considered collectible in full, due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$2,665,776
Interfund loans receivable	54,408
<u>Special Revenue Funds</u>	
Due from other governments	83,440
<u>Debt Service Fund</u>	
Taxes - current and delinquent	135,041
<u>Capital Projects Fund</u>	
Taxes - current and delinquent	440,937
<u>Enterprise Fund</u>	
Accounts	8,261

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 8 - FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/Improvements	\$ 22,751	\$ ---	\$ ---	\$ 22,751
Buildings/Improvements	3,482,627	---	---	3,482,627
Furniture/Equipment	1,182,333	230,344	(82,334)	1,330,343
Vehicles	<u>263,753</u>	<u>73,441</u>	<u>(23,738)</u>	<u>313,456</u>
Total	<u>\$4,951,464</u>	<u>\$303,785</u>	<u>\$(106,072)</u>	<u>\$5,149,177</u>

There was no significant construction in progress at June 30, 2001.

A summary of the proprietary fixed assets at June 30, 2001 follows:

Furniture and equipment	\$ 324,256
Less: accumulated depreciation	<u>(257,171)</u>
Net fixed assets	<u>\$ 67,085</u>

NOTE 9 - CHANGES IN CONTRIBUTED CAPITAL

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

	<u>Food Service</u>
Contributed capital, July 1, 2000	\$ 9,300
Current contributions	<u>16,786</u>
Contributed capital, June 30, 2001	<u>\$26,086</u>

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 10 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Full-time classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to full-time classified employees upon termination of employment. Administrators (with the exception of principals) are given ten to twenty days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Superintendent who will be paid for any unused vacation days at the end of his contract. Teachers do not earn vacation time.

NOTE 11 - LONG-TERM OBLIGATIONS

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

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2000</u>	<u>Retired in 2001</u>	<u>Outstanding June 30, 2001</u>
Energy conservation bonds	5.85%	04/06/95	12/01/02	\$330,000	\$(105,000)	\$225,000
Middle school bonds	5.63%	03/01/79	12/01/01	<u>70,000</u>	<u>(35,000)</u>	<u>35,000</u>
Total				<u>\$400,000</u>	<u>\$(140,000)</u>	<u>\$260,000</u>

The energy conservation bonds were issued in accordance with Ohio energy conservation measures (House Bill 264) for the purpose of paying costs of installments, modifications, and remodeling school buildings to conserve energy. Payments of principal and interest on the energy conservation bonds are recorded as expenditures in the debt service fund.

The middle school bonds were issued for purposes of improvement to the middle school building. The middle school bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest on these bonds are recorded as expenditures in the debt service fund.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bonds:

<u>Fiscal Year Ending</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2002	\$145,000	\$10,929	\$155,929
2003	<u>115,000</u>	<u>3,364</u>	<u>118,364</u>
Total	<u>\$260,000</u>	<u>\$14,293</u>	<u>\$274,293</u>

C. During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Compensated absences	\$302,431	\$ 73,936	\$(117,298)	\$259,069
Pension obligation payable	41,153	41,098	(41,153)	41,098
General obligation bonds payable	<u>400,000</u>	<u>---</u>	<u>(140,000)</u>	<u>260,000</u>
Total	<u>\$743,584</u>	<u>\$115,034</u>	<u>\$(298,451)</u>	<u>\$560,167</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$6,572,191 (including available funds of \$145,942) and an unvoted debt margin of \$74,292.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2001, the District retained property insurance coverage, boiler and machinery coverage, and inland marine floaters in the blanket amount of \$22,317,000 with 100% coinsurance, replacement cost endorsement and a \$2,500 deductible. Vehicles are covered by Grange Insurance Company and hold a \$250 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$2,000,000 limit of liability for bodily injury per person, per occurrence, and property damage.

Nationwide Insurance Companies provide general liability coverage with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate limit. The general liability insurance carries a \$3,000 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance from the prior year.

B. Employee Dishonesty Bonds

The District carries employee dishonesty bonds for the Treasurer in the amount of \$100,000 and 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 \$5,000 is provided to cover all other employees of the District.

C. Employee Group Medical, Dental, and Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through Nationwide Insurance Company in the amount of \$40,000. Administrative staff is insured as follows:

Superintendent	\$65,000
Treasurer	45,000
High School Principal	62,000
Middle School Principal	53,000
Elementary Principal	57,000
Day Care Coordinator	40,000

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 12 - RISK MANAGEMENT - (Continued)

The District has elected to provide a comprehensive medical benefits package to the employees through a self-insured program. The District maintains a self-insured internal service fund to account for the finances of its uninsured risks of loss in this program. This package provides a comprehensive medical plan with a \$100 single and \$200 family deductible. Included in this plan is a mail-in prescription drug plan with a \$5 per prescription deductible for drugs. The plan is administered by National RX Services, Inc. located in Columbus, Ohio. A third party administrator, Berwanger Overmyer Associates, located in Columbus, Ohio, reviews all claims for the medical and prescription drug plan, which are then paid by the District. The District purchases stop-loss coverage of \$40,000 per individual, and an aggregate limit of \$448,481 from Bankers Life & Casualty Company. The total monthly premium paid into the internal service fund for the medical and prescription drug plan is \$325.95 for single coverage and \$642.80 for family coverage, which is paid out of the same fund that pays the salary for the employee.

The District's amounts are capped by negotiated union contracts and cannot be increased except through negotiations. The non-certified employee monthly portion of the premium is \$20 for single coverage and \$30 for family coverage, which is withheld from their biweekly payroll. The certified employee monthly portion of the premium is \$30 for single coverage and/or family coverage, which is withheld from their biweekly payroll. The employees are responsible for payment of all claim amounts in excess of the employer capped amounts.

The District provides dental coverage for its employees on a self-insured basis through Turner and Shepard, Inc. The total monthly premium is \$31.61 for single coverage and \$61.68 for family coverage. There is no employee share for dental coverage.

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 or dental insurance benefits.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 12 - RISK MANAGEMENT - (Continued)

The claims liability of \$211,537 reported in the internal service fund at June 30, 2001, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No.10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2001	\$126,666	\$629,473	\$(544,602)	\$211,537
2000	93,427	681,651	(648,412)	126,666

D. Workers' Compensation

The District participates in the (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2). The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. The worker's compensation experience of the participating school districts is calculated as one and a common premium rate is applied to participants. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and day-school/pre-school. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Day-school/ Pre-school</u>	<u>Total</u>
Operating revenues	\$ 138,046	\$27,671	\$125,199	\$ 290,916
Operating expenses				
before depreciation	302,926	20,803	123,492	447,221
Depreciation	2,933	---	1,459	4,392
Operating income (loss)	(167,813)	6,868	248	(160,697)
Operating grants	130,212	---	500	130,712
Federal donated commodities	23,176	---	---	23,176
Investment earnings	4,549	---	---	4,549
Net income (loss)	(9,876)	6,868	1,819	(1,189)
Fixed assets:				
Additions	18,101	---	---	18,101
Net working capital	50,501	22,696	79,167	152,364
Total assets	147,008	22,696	98,813	268,517
Total liabilities	49,872	---	10,901	60,773
Total equity	97,136	22,696	87,912	207,744
Encumbrances at 6/30/01	---	---	10,769	10,769

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$138,009, \$124,236, and \$118,036, respectively; 50.67% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$68,076, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teacher Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$455,874, \$411,965, and \$406,907, respectively; 83.37% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$75,800, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

C. Social Security System

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

NOTE 15 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$146,531 during fiscal 2001.

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$106,757 during the 2001 fiscal year.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses			
	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$155,232	\$(24,691)	\$ 116,423	\$(29,760)
Net adjustment for revenue accruals	(116,074)	83,439	104,982	(69,611)
Net adjustment for expenditure accruals	(29,791)	(15,554)	(121,235)	102,961
Net adjustment for other financing sources (uses)	58,658	(54,408)	---	---
Encumbrances (budget basis)	<u>11,150</u>	<u>68,826</u>	<u>---</u>	<u>22,175</u>
GAAP basis	<u>\$ 79,175</u>	<u>\$ 57,612</u>	<u>\$ 100,170</u>	<u>\$ 25,765</u>

NOTE 17 - CONTINGENCIES

A. Grants

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 17 - CONTINGENCIES - (Continued)

B. Litigation

The District is party to legal proceedings. The District's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

C. State School Funding Decision

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 30, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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

NOTE 18 - STATUTORY RESERVES

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2000	\$ 13,356	\$ (20,405)	\$ 113,792
Current year set-aside requirement	125,388	125,388	---
Elimination of budget stabilization reserve	---	---	(113,792)
Current year offsets	---	(157,585)	---
Qualifying disbursements	<u>(124,020)</u>	<u>(16,681)</u>	<u>---</u>
 Total	 <u>\$ 14,724</u>	 <u>\$ (69,283)</u>	 <u>\$ 0</u>
Cash balance carried forward to FY 2002	<u>\$ 14,724</u>	<u>\$ (69,283)</u>	<u>\$ 0</u>

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero in the capital acquisition reserve, the extra amounts may be used to reduce the set-aside requirements of future years.

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

Amount restricted for BWC refunds	\$35,920
Amount restricted for textbooks	<u>14,724</u>
Total restricted assets	<u>\$50,644</u>

SUPPLEMENTAL DATA

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A) (C) Food Distribution	10.550	N/A		\$23,485		\$23,176
(A) (D) School Breakfast Program	10.553	N/A	\$20,199		\$20,199	
(A) (D) National School Lunch Program	10.555	N/A	102,906		102,906	
Total U. S. Department of Agriculture and Nutrition Cluster			123,105	23,485	123,105	23,176
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I	84.010	045344-C1-S1 00	4,130		8,846	
Title I	84.010	045344-C1-S1 00C	12,151		12,151	
Title I	84.010	045344-C1-S1 01	130,181		168,917	
Total Title I			146,462		189,914	
Special Education Cluster:						
(B) Title VI-B - Education of the Handicapped	84.027	045344-6B-SF 99P	19,000		28,823	
(B) Title VI-B - Education of the Handicapped	84.027	045344-6B-SF 00P	41,047		40,902	
Total Title VI-B - Education of the Handicapped			60,047		69,725	
(B) Special Education Preschool Grants	84.173	045344-PG-S1 99P	0		860	
(B) Special Education Preschool Grants	84.173	045344-PG-S1 00P	4,279		3,039	
Total Special Education Preschool Grants			4,279		3,899	
Total Special Education Cluster			64,326		73,624	
Safe and Drug-Free Schools Grants	84.186	045344-DR-S1 00	0		4,195	
Safe and Drug-Free Schools Grants	84.186	045344-DR-S1 01	1,264		3,957	
Total Safe and Drug-Free Schools Grant			1,264		8,152	
Goals 2000	84.276	045344-G2-S1 00	0		9,583	
Goals 2000	84.276	045344-G2-S1 01	31,388		13,150	
Total Goals 2000			31,388		22,733	
Eisenhower Professional Development Grant	84.281	045344-MS-S1 01	4,270		1,479	
Total Eisenhower Professional Development Grant			4,270		1,479	
Title VI-						
Innovative Educational Program Strategies	84.298	045344-C2-S1 99C	407		4,488	
Innovative Educational Program Strategies	84.298	045344-C2-S1 00	3,719		1,687	
Innovative Educational Program Strategies	84.298	045344-C2-S1 01	5,469		87	
Total Title VI			9,595		6,262	
Tech Literacy Challenge	84.318	045344-TF-41 00P	74,673		73,431	
Tech Literacy Challenge	84.318	045344-TF-42 00P	50,000		50,000	
Total Tech Literacy Challenge			124,673		123,431	
Classroom Size Reduction Grant	84.340	045344-CR-S1-00	0		6,683	
Classroom Size Reduction Grant	84.340	045344-CR-S1-01	8,349		805	
Total Classroom Size Reduction Grant			8,349		7,488	
Total U. S. Department of Education			390,327		433,083	
Total Federal Financial Assistance			\$513,432	\$23,485	\$556,188	\$23,176

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) Included as part of "Special Education Grant Cluster" in determining major programs.
- (C) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (D) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) This schedule was prepared on the cash basis of accounting.

TRIMBLE, JULIAN & GRUBE, INC.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Crestline Exempted Village School District
511 South Thoman
Crestline, Ohio 44827

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

Compliance

As part of obtaining reasonable assurance about whether Crestline Exempted Village School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-45344-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of Crestline Exempted Village School District in a separate letter dated November 30, 2001.

Board of Education
Crestline Exempted Village School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Crestline Exempted Village School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-45344-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of Crestline Exempted Village School District in a separate letter dated November 30, 2001.

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

Trimble, Julian & Grube, Inc.
November 30, 2001

TRIMBLE, JULIAN & GRUBE, INC.

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Report on Compliance With Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Crestline Exempted Village School District
511 South Thoman
Crestline, Ohio 44827

Compliance

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

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

Board of Education
Crestline Exempted Village School District

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

Internal Control Over Compliance

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

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

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

Trimble, Julian & Grube, Inc.
November 30, 2001

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 2001**

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

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

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 2001**

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

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

Finding Number	2001-45344-001
----------------	----------------

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures plus encumbrances exceeding appropriations in the following:

Fund Type Fund	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Auxiliary Services	\$ 33,228	\$ 56,283	\$23,055
Management Information System	269	2,269	2,000
Data Communication	11,086	15,086	4,000
Ohio Reads	22,100	24,600	2,500
Miscellaneous Federal Grants	141,132	177,788	36,656
<u>Capital Projects Fund:</u>			
SchoolNet	45,308	67,208	21,900
<u>Enterprise Fund:</u>			
Preschool	103,502	135,156	31,654

With expenditures plus encumbrances exceeding appropriations, the District is unlawfully expending monies that have not been appropriated.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures plus encumbrances so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 2001**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2000-45344-001	Ohio Revised Code Section 5705.39	Yes	N/A
2000-45344-002	Ohio Revised Code Section 5705.41(B)	No	Partially corrected; the District's Treasurer is making an effort to obtain additional amended appropriations throughout the year.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JANUARY 22, 2002**