



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY  
JUNE 30, 2021**

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**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY  
JUNE 30, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Crestline Exempted Village School District  
Crawford County  
401 Heiser Ct.  
Crestline, Ohio 44827

To the Board of Education:

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

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crestline Exempted Village School District, Crawford County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

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

***Emphasis of Matter***

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

***Other Matters***

***Supplementary Information***

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

***Other Information***

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 20, 2022

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*

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The management's discussion and analysis of the Crestline Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for fiscal year 2021 are as follows:

- ❑ Net position increased \$2,030,547, which represents a 14 percent increase over 2020.
- ❑ Outstanding debt decreased from \$13,130,151 to \$12,955,151.

***Using this Annual Report***

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2021, the general fund and the bond retirement fund are the School District's most significant funds.

***Basis of Accounting***

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

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

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*

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

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question.

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

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

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

*Fund Financial Statements*

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

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

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

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*

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

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs.

**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2021 compared to 2020.

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

	Governmental Activities		
	2021	Restated 2020	Change
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 8,743,271	\$ 8,065,204	\$ 678,067
Cash and Investments with Fiscal Agents	8,254,009	6,901,529	1,352,480
<i>Total Assets</i>	<u>16,997,280</u>	<u>14,966,733</u>	<u>2,030,547</u>
<b>Net Position</b>			
Restricted for:			
Capital Outlay	693,859	658,093	35,766
Debt Service	6,153,809	5,458,888	694,921
Classroom Facilities Maintenance	-	490,552	(490,552)
Other Purposes	1,164,076	363,213	800,863
Unrestricted	<u>8,985,536</u>	<u>7,995,987</u>	<u>989,549</u>
<i>Total Net Position</i>	<u>\$ 16,997,280</u>	<u>\$ 14,966,733</u>	<u>\$ 2,030,547</u>

The net position of the governmental activities increased as result of multiple factors. The School District saw an increase in pooled cash and investments during the fiscal year, which was primarily caused by receipts continuing to outpace disbursements. Additionally, the School District saw an increase in cash and investments with fiscal agents due to sinking fund payments made in the fiscal year related to the School Improvement Bonds coupled with an increase in the internal service fund cash through the Jefferson Health Plan.

A portion of the School District's net position represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position may be used to meet the School District's ongoing obligations.

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*

Table 2 shows the changes in net position for fiscal year 2021 as compared to fiscal year 2020.

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

	Governmental Activities		
	2021	2020	Change
<b>Receipts</b>			
<b>Program Receipts</b>			
Charges for Services and Sales	\$ 517,715	\$ 403,534	\$ 114,181
Operating Grants, Contributions and Interest	932,723	1,404,846	(472,123)
<i>Total Program Receipts</i>	<u>1,450,438</u>	<u>1,808,380</u>	<u>(357,942)</u>
<b>General Receipts</b>			
Property Taxes	3,075,369	3,145,741	(70,372)
Income Taxes	212,850	232,620	(19,770)
Grants and Entitlements not Restricted to Specific Programs	7,141,869	7,254,740	(112,871)
Proceeds from Sale of Assets	-	2,763	(2,763)
Investment Earnings	181,592	189,646	(8,054)
Miscellaneous	92,449	158,239	(65,790)
<i>Total General Receipts</i>	<u>10,704,129</u>	<u>10,983,749</u>	<u>(279,620)</u>
<i>Total Receipts</i>	<u>12,154,567</u>	<u>12,792,129</u>	<u>(637,562)</u>
<b>Program Disbursements</b>			
Instruction:			
Regular	3,221,935	2,863,561	358,374
Special	1,749,529	1,849,624	(100,095)
Student Intervention Services	-	4,234	(4,234)
Other	892,855	1,002,929	(110,074)
Support Services:			
Pupils	519,369	457,542	61,827
Instructional Staff	108,028	108,462	(434)
Board of Education	48,992	53,212	(4,220)
Administration	866,190	861,139	5,051
Fiscal	356,593	353,636	2,957
Operation and Maintenance of Plant	695,890	678,615	17,275
Pupil Transportation	442,314	357,947	84,367
Central	65,297	71,650	(6,353)
Operation of Non-Instructional Services:			
Food Service Operations	335,134	367,409	(32,275)
Community Services	58,971	65,941	(6,970)
Extracurricular Activities	255,568	238,051	17,517
Capital Outlay	29,994	3,200	26,794
Debt Service:			
Principal Retirement	175,000	169,000	6,000
Interest and Fiscal Charges	302,361	311,731	(9,370)
<i>Total Program Disbursements</i>	<u>10,124,020</u>	<u>9,817,883</u>	<u>306,137</u>
<i>Change in Net Position</i>	2,030,547	2,974,246	(943,699)
<i>Net Position Beginning of Year</i>	14,966,733	11,965,180	3,001,553
<i>Restatement, See Note 2.</i>	-	27,307	(27,307)
<i>Net Position End of Year</i>	<u>\$ 16,997,280</u>	<u>\$ 14,966,733</u>	<u>\$ 2,030,547</u>

The comparative column was not restated for the implementation of GASB 84

Operating grants decreased primarily due to a decrease in COVID-19 grant receipts.

Overall, disbursements increased primarily due to students returning to in class learning.

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021*

**Governmental Activities**

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

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

The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for 14 percent of all governmental expenses. The community is the largest area of support for the School District students.

	Total Costs of Services		Net Costs of Services	
	2021	2020	2021	2020
<b><i>Program Disbursements</i></b>				
Instruction:				
Regular	\$ 3,221,935	\$ 2,863,561	\$ 2,841,937	\$ 2,525,641
Special	1,749,529	1,849,624	1,482,306	1,084,033
Student Intervention Services	-	4,234	-	4,234
Other	892,855	1,002,929	892,855	1,002,929
Support Services:				
Pupils	519,369	457,542	518,754	444,193
Instructional Staff	108,028	108,462	(177,914)	(70,419)
Board of Education	48,992	53,212	48,992	53,212
Administration	866,190	861,139	865,614	859,593
Fiscal	356,593	353,636	356,593	353,636
Operation and Maintenance of Plant	695,890	678,615	652,659	678,314
Pupil Transportation	442,314	357,947	419,544	343,241
Central	65,297	71,650	65,297	71,650
Operation of Non-Instructional Services:				
Food Service Operations	335,134	367,409	(6,156)	(33,226)
Community Services	58,971	65,941	18,566	21,531
Extracurricular Activities	255,568	238,051	187,180	187,010
Capital Outlay	29,994	3,200	29,994	3,200
Debt Service:				
Principal Retirement	175,000	169,000	175,000	169,000
Interest and Fiscal Charges	302,361	311,731	302,361	311,731
<b><i>Total Program Disbursements</i></b>	<b><u>\$ 10,124,020</u></b>	<b><u>\$ 9,817,883</u></b>	<b><u>\$ 8,673,582</u></b>	<b><u>\$ 8,009,503</u></b>

The comparative column was not restated for the implementation of GASB 84

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*

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

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

The School District's governmental funds reported a combined fund balance of \$14,705,192, which is higher than the prior year restated balance of \$13,300,387.

The general fund's fund balance increased \$1,152,242 in 2021 due to revenues remaining consistent with the prior year combined with a decrease in overall disbursements as a result of the COVID-19 pandemic.

The fund balance of the bond retirement increased \$694,921 in 2021. The increase in fund balance is due to the deferment of principal payments into a fiscal agent account on outstanding long-term obligations resulting in an accumulation of resources exceeding current interest payment obligations.

***General Fund Budgeting Highlights***

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

***Original Budget compared to Final Budget*** For fiscal year 2021, the most significant variance between the original budget and the final budget receipts was primarily due to an increase in foundation and homestead and rollback receipts as students returned to in class learning. The most significant variance between the original budget and the final budget disbursements were for increases in administration and operation and maintenance of plant.

***Final Budget Compared to Actual Results*** For fiscal year 2021, the most significant variance between the final budget and the actual budget receipts was for property and other local taxes. In review of disbursements and other financing uses, the most significant variances were related to special instruction and other as a result of expenditures that were paid from COVID-19 relief funds that are normally paid by the general fund.

***Debt Administration***

The School District had the following long-term obligations outstanding at June 30, 2021 and 2020.

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

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Ohio School Facilities Construction and Improvement Bonds, Series 2009	\$ 9,913,151	\$ 9,913,151
Lease-Purchase Obligations	<u>3,042,000</u>	<u>3,217,000</u>
<i>Total</i>	<u><u>\$ 12,955,151</u></u>	<u><u>\$ 13,130,151</u></u>

For further information regarding the School District's long-term obligations, refer to Note 6 of the basic financial statements.

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021*

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***Current Issues***

Crestline Exempted Village School District is fiscally stable for the current fiscal year; in May 2018, the School District passed the renewal of the five-year Emergency Levy. The School District's management team continues to closely monitor disbursements of the School District and evaluate additional opportunities to maintain the current fiscal year's positive cash balance. The School District reduced some of the disbursements in the general fund, which led to the School District being more fiscally stable for the current year and beyond. The goal is to provide a balance between a financially stable School District, while ensuring students are receiving the services they deserve and taxpayers are willing to support.

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

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District.

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

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

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**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
*June 30, 2021*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 8,743,271
Cash and Investments with Fiscal Agents	8,254,009
<i>Total Assets</i>	16,997,280
<b>Net Position</b>	
Restricted for:	
Capital Outlay	693,859
Debt Service	6,153,809
Other Purposes	1,164,076
Unrestricted	8,985,536
<i>Total Net Position</i>	\$ 16,997,280

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Fiscal Year Ended June 30, 2021*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 3,221,935	\$ 351,852	\$ 28,146	\$ (2,841,937)
Special	1,749,529	91,806	175,417	(1,482,306)
Other	892,855	-	-	(892,855)
Support Services:				
Pupils	519,369	-	615	(518,754)
Instructional Staff	108,028	-	285,942	177,914
Board of Education	48,992	-	-	(48,992)
Administration	866,190	402	174	(865,614)
Fiscal	356,593	-	-	(356,593)
Operation and Maintenance of Plant	695,890	-	43,231	(652,659)
Pupil Transportation	442,314	-	22,770	(419,544)
Central	65,297	-	-	(65,297)
Operation of Non-Instructional Services:				
Food Service Operations	335,134	14,044	327,246	6,156
Community Services	58,971	1,451	38,954	(18,566)
Extracurricular Activities	255,568	58,160	10,228	(187,180)
Capital Outlay	29,994	-	-	(29,994)
Debt Service:				
Principal Retirement	175,000	-	-	(175,000)
Interest and Fiscal Charges	302,361	-	-	(302,361)
<b>Totals</b>	<b>\$ 10,124,020</b>	<b>\$ 517,715</b>	<b>\$ 932,723</b>	<b>(8,673,582)</b>

**General Receipts**

Property Taxes Levied for:	
General Purposes	2,332,414
Debt Service	619,075
Capital Outlay	85,344
Classroom Maintenance	38,536
Income Taxes Levied for:	
General Purposes	212,850
Grants and Entitlements not Restricted to Specific Programs	7,141,869
Investment Earnings	181,592
Miscellaneous	92,449
<b>Total General Receipts</b>	<b>10,704,129</b>
Change in Net Position	2,030,547
<i>Net Position Beginning of Year (Restated, See note 2)</i>	<b>14,966,733</b>
<i>Net Position End of Year</i>	<b>\$ 16,997,280</b>

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*June 30, 2021*

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 7,503,981	\$ 191,888	\$ 1,047,402	\$ 8,743,271
Cash and Investments with Fiscal Agents	-	5,961,921	-	5,961,921
<i>Total Assets</i>	<u>\$ 7,503,981</u>	<u>\$ 6,153,809</u>	<u>\$ 1,047,402</u>	<u>\$ 14,705,192</u>
<b>Fund Balances</b>				
Nonspendable	\$ 3,574	\$ -	\$ -	\$ 3,574
Restricted	-	6,153,809	1,854,360	8,008,169
Committed	-	-	2,261	2,261
Assigned	263,906	-	-	263,906
Unassigned	7,236,501	-	(809,219)	6,427,282
<i>Total Fund Balances</i>	<u>\$ 7,503,981</u>	<u>\$ 6,153,809</u>	<u>\$ 1,047,402</u>	<u>\$ 14,705,192</u>

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities - Modified Cash Basis*  
*June 30, 2021*

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<b>Total Governmental Fund Balances</b>	\$ 14,705,192
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*Amounts reported for governmental activities in the  
statement of net position is different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.

2,292,088

*Net Position of Governmental Activities*

\$ 16,997,280

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balances - Modified Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,332,414	\$ 619,075	\$ 123,880	\$ 3,075,369
Income Taxes	212,850	-	-	212,850
Intergovernmental	7,048,025	93,507	922,824	8,064,356
Investment Income	3,992	161,738	8	165,738
Tuition and Fees	435,236	-	6,570	441,806
Extracurricular Activities	2,169	-	58,160	60,329
Gifts and Donations	-	-	10,228	10,228
Charges for Services	2,777	-	12,803	15,580
Miscellaneous	90,269	-	2,180	92,449
<i>Total Receipts</i>	<u>10,127,732</u>	<u>874,320</u>	<u>1,136,653</u>	<u>12,138,705</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	3,255,464	-	186,825	3,442,289
Special	1,285,030	-	620,801	1,905,831
Other	892,855	-	-	892,855
Support Services:				
Pupils	509,839	-	45,559	555,398
Instructional Staff	81,025	-	27,003	108,028
Board of Education	48,992	-	-	48,992
Administration	941,541	-	842	942,383
Fiscal	347,502	17,815	3,590	368,907
Operation and Maintenance of Plant	667,639	-	84,255	751,894
Pupil Transportation	380,267	-	94,463	474,730
Central	69,422	-	-	69,422
Extracurricular Activities	183,407	-	72,161	255,568
Operation of Non-Instructional Services:				
Food Service Operations	-	-	351,277	351,277
Community Services	1,730	-	57,241	58,971
Capital Outlay	-	-	29,994	29,994
Debt Service:				
Principal Retirement	150,000	25,000	-	175,000
Interest and Fiscal Charges	165,777	136,584	-	302,361
<i>Total Disbursements</i>	<u>8,980,490</u>	<u>179,399</u>	<u>1,574,011</u>	<u>10,733,900</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,147,242</u>	<u>694,921</u>	<u>(437,358)</u>	<u>1,404,805</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	60,000	-	55,000	115,000
Advances Out	(55,000)	-	(60,000)	(115,000)
<i>Total Other Financing Sources (Uses)</i>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,152,242	694,921	(442,358)	1,404,805
<i>Fund Balances Beginning of Year (Restated, See note 2)</i>	<u>6,351,739</u>	<u>5,458,888</u>	<u>1,489,760</u>	<u>13,300,387</u>
<i>Fund Balances End of Year</i>	<u>\$ 7,503,981</u>	<u>\$ 6,153,809</u>	<u>\$ 1,047,402</u>	<u>\$ 14,705,192</u>

See accompanying notes to the basic financial statements.

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

*Reconciliation of the Statement of Receipts, Disbursements and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2021*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 1,404,805
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

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

625,742

*Change in Net Position of Governmental Activities*

\$ 2,030,547

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts and Other Financing Sources	\$ 9,507,777	\$ 10,254,977	\$ 10,175,383	\$ (79,594)
Disbursements and Other Financing Uses	<u>9,922,738</u>	<u>10,063,693</u>	<u>9,225,686</u>	<u>838,007</u>
Net Change in Fund Balance	(414,961)	191,284	949,697	758,413
<i>Fund Balance Beginning of Year</i>	6,018,877	6,018,877	6,018,877	-
Prior Year Encumbrances Appropriated	<u>267,924</u>	<u>267,924</u>	<u>267,924</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,871,840</u>	<u>\$ 6,478,085</u>	<u>\$ 7,236,498</u>	<u>\$ 758,413</u>

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Fund Net Position- Modified Cash Basis*  
*Proprietary Fund*  
*June 30, 2021*

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	Governmental Activities - Internal Service Fund
<b>Assets</b>	
Cash and Investments with Fiscal Agents	\$ 2,292,088
<i>Total Assets</i>	<u>2,292,088</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 2,292,088</u>

See accompanying notes to the basic financial statements.



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

*Statement of Receipts, Disbursements and Changes in Fund Net Position - Modified Cash Basis*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2021*

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	Governmental Activities - Internal Service Fund
<b>Operating Receipts</b>	
Charges for Services	\$ 1,921,475
Other Operating Receipts	101,410
	<hr/>
<i>Total Operating Receipts</i>	2,022,885
	<hr/>
<b>Operating Disbursements</b>	
Purchased Services	456,815
Claims	956,190
	<hr/>
<i>Total Operating Disbursements</i>	1,413,005
	<hr/>
<i>Operating Income (Loss)</i>	609,880
	<hr/>
<b>Non-Operating Receipts</b>	
Interest	15,862
	<hr/>
<i>Change in Net Position</i>	625,742
	<hr/>
<i>Net Position Beginning of Year</i>	1,666,346
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<i>Net Position End of Year</i>	\$ 2,292,088
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See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Fiduciary Net Position - Modified Cash Basis*  
*Custodial Fund*  
*June 30, 2021*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 709</u>
<b>Net Position</b>	
Restricted for Individuals, Organizations and Other Governments	<u>709</u>
<i>Total Net Position</i>	<u><u>\$ 709</u></u>

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District**  
**Crawford County, Ohio**  
*Statement of Change in Fiduciary Net Position - Modified Cash Basis*  
*Custodial Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Custodial
<b>Additions</b>	
Miscellaneous	\$ 300
<i>Change in Net Position</i>	300
<i>Net Position Beginning of Year (Restated, See Note 2)</i>	409
<i>Net Position End of Year</i>	\$ 709

See accompanying notes to the basic financial statements.

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

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

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

The following activities are included within the reporting entity:

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

The School District is associated with one jointly governed organization, an insurance pool, and a related entity. These organizations include the Heartland Council of Governments/North Central Ohio Computer Cooperative, the Jefferson Health Plan, and the Crestline Public Library. Information about these organizations is presented in Notes 13, 14 and 15 of the basic financial statements.

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

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

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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

**A. Basis of Accounting**

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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The funds of the financial reporting entity are described below:

*Governmental Funds/Governmental Activities*

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

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

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

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

*Proprietary Fund Types*

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

*Fiduciary Fund Types*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's only fiduciary fund is a custodial fund. The custodial fund is used to account for assets held by the School District relating to the Ohio High School Athletic Association (OHSAA) tournaments.

**C. Budgetary Process**

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

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

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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

Tax Budget

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

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

Estimated Resources

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

Appropriations

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

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

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

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Encumbrances

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

Lapsing of Appropriations

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

**D. Cash and Investments**

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

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2021 were \$3,992, which includes \$1,296 assigned from other School District funds.

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

**E. Capital Assets**

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



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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**F. Accumulated Leave**

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

**G. Long-Term Debt**

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

**H. Intergovernmental Receipts**

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

**I. Inventory and Prepaid Items**

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

**J. Interfund Transactions**

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

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

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

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**L. Equity Classifications**

Government-Wide Statements

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

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net position restricted for other purposes include resources restricted for capital improvements, Federal and State grants restricted to disbursements for specific purposes and food services. As of June 30, 2021, the School District did not have any net position restricted by enabling legislation.
2. Unrestricted net position – All other net position that do not meet the definition of “restricted.”

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

Fund Financial Statements

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

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

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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

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

#### **M. Receipts and Disbursements**

##### Program Receipts

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

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

##### Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities. All receipts and disbursements not meeting this definition are considered nonoperating.

#### **N. Pensions and Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability/asset, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the respective retirement plans. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. The retirement plans report investments at fair value.

#### **O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no special or extraordinary items during fiscal year 2021.

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**P. Implementation of New Accounting Policies**

For the fiscal year ended June 30, 2021, the School District has (to the extent it applies to the modified cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, and certain provisions of GASB Statement No. Statement No. 93, *Replacement of Interbank Offered Rates*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School District.

***Restatement of Net Position/Fund Balances***

The implementation of GASB 84 had the following effect on net position as reported June 30, 2020:

	Governmental Activities
Net Position, June 30, 2020	\$ 14,939,426
GASB Statement No. 84	27,307
Restated Net Position, June 30, 2020	<u>\$ 14,966,733</u>

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The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2020:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2020	\$ 6,352,179	\$ 1,462,013
GASB Statement No. 84	(440)	27,747
Restated Fund Balance, June 30, 2020	\$ 6,351,739	\$ 1,489,760

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2020:

	Fiduciary Funds		
	Private Purpose		
	Trust	Agency	Custodial
Net Position, June 30, 2020	\$ 660	\$ 27,028	\$ -
GASB Statement No. 84	(660)	-	-
Adjustments:			
Assets	-	(27,056)	409
Liabilities	-	28	-
Restated Net Position, June 30, 2020	\$ -	\$ -	\$ 409

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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

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

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*Cash on Hand* - At June 30, 2021 the School District had \$100 in undeposited cash on hand, which is included as part of “Equity in Pooled Cash and Investments.”

*Deposits* - At year-end, \$7,891,013 of the School District’s bank balance of \$8,770,886 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in the School District’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

*Custodial Credit Risk* - Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

*Cash and Investments with Fiscal Agents* – As of June 30, 2021, the School District maintained a cash balance with the Jefferson Health Plan, which accounts for the self-insurance fund of employees. The School District is also setting aside monies in a Sinking Fund investment account with U S Bank that will be used to fund the scheduled balloon payment on their long-term obligation described in Note 6. These amounts are reported on the financial statements as “Cash and Investments with Fiscal Agents.”

#### **NOTE 4 – PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year. Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Crawford and Richland County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second-Half Collections		2021 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 62,372,270	87%	\$ 61,809,380	87%
Public Utility Personal Property	9,236,700	13%	9,461,950	13%
<b>Total</b>	<b>\$ 71,608,970</b>	<b>100%</b>	<b>\$ 71,271,330</b>	<b>100%</b>
Full Tax Rate per \$1,000 of Assessed Valuation	\$ 75.10		\$ 75.45	

**NOTE 5 – INCOME TAX**

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

**NOTE 6 – LONG-TERM OBLIGATIONS**

Long-term obligations of the School District at June 30, 2021 consisted of the following:

	Principal Outstanding 6/30/20	Additions	Reductions	Principal Outstanding 6/30/21	Due Within One Year	Due After One Year
Ohio School Facilities Construction and Improvement Bonds, Series 2009	\$ 9,913,151	\$ -	\$ -	\$ 9,913,151	\$ -	\$ 9,913,151
Direct Placements						
Lease Purchase Obligations	3,217,000	-	175,000	3,042,000	182,000	2,860,000
<b>Total</b>	<b>\$ 13,130,151</b>	<b>\$ -</b>	<b>\$ 175,000</b>	<b>\$ 12,955,151</b>	<b>\$ 182,000</b>	<b>\$ 12,773,151</b>



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

Principal and interest payments are made from the bond retirement fund. The source of payment is an 8.9 mill property tax levy passed in May 2009. The bonds have an interest rate of 1.63 percent and mature September 15, 2026. Interest payments on the bonds are due on June 1 and December 1 of each year and totaled \$161,565 for fiscal year 2021. The entire principal amount is due at the final maturity date. The School District is setting aside monies toward this future payment in a sinking fund, described in Note 3 as “Cash and Investments with Fiscal Agents.”

A required sinking fund payment of \$565,000 was paid in fiscal year 2021. Future sinking fund requirements are as follows:

Fiscal Year	Amount
2022	\$ 570,000
2023	610,000
2024	615,000
2025	625,000
2026	670,000
2027	414,982
	\$ 3,504,982

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ -	\$ 161,584	\$ 161,584
2023	-	161,584	161,584
2024	-	161,584	161,584
2025	-	161,584	161,584
2026	-	161,584	161,584
2027	9,913,151	46,680	9,959,831
Total	\$ 9,913,151	\$ 854,600	\$ 10,767,751

**OASBO (Ohio Association of School Business Officials) Capital Pool 1** – On August 13, 2009, the School District entered into a \$4,337,000 lease-purchase agreement with the Columbus Regional Airport Authority to finance a portion of the School District’s facilities construction project. Capital assets acquired by the lease have not been capitalized in the modified cash basis financial statements. Fiscal year 2021 the principal and interest payments of \$150,000, and \$132,252, respectively, were paid from the general fund.

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**OASBO Capital Pool 2** – On March 31, 2010, the School District entered into a \$315,000 lease-purchase agreement with the Columbus Regional Airport authority to pay for the issuance costs and fees related to the School District’s bond issue. The agreement required the School District to establish an escrow account with US Bank, as disclosed in Note 3. The School District draws down funds from these accounts as needed in order to cover expenses incurred. Fiscal year 2021, principal and interest payments of \$25,000 and \$5,767, respectively, were paid from the bond retirement fund.

The School District facilities collateralize the lease purchase agreements. In the event of default, the lease agreement may be terminated, at the School District’s expense, with forfeiture of the constructed facility. The School District may be liable for all applicable lease payments due during the then-current lease terms to the effective date or sale, lease or sublease and for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease.

Principal and interest requirements to retire the lease purchase obligations at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Lease Purchase Obligations		
	Principal	Interest	Total
2022	\$ 182,000	\$ 130,656	\$ 312,656
2023	188,000	122,983	310,983
2024	200,000	115,054	315,054
2025	207,000	106,636	313,636
2026	215,000	97,925	312,925
2027-2031	1,045,000	357,595	1,402,595
2032-2035	1,005,000	111,421	1,116,421
Total	\$ 3,042,000	\$ 1,042,270	\$ 4,084,270

**NOTE 7 – RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2021, the School District retained property insurance coverage, boiler and machinery coverage, and inland marine floaters in the blanket amount of \$41,101,760 with 100 percent coinsurance, replacement cost endorsement and a \$1,000 deductible for property damage. Vehicles are also covered and hold a \$250 deductible for comprehensive and a \$500 deductible for collision, busses area \$1,000 deductible for both. Automobile liability has a \$5,000,000 limit of liability for bodily injury per person, per occurrence, and property damage. Hylant Administrative Services, LLC, provides general liability coverage with a \$5,000,000 single occurrence limit and a \$7,000,000 aggregate limit. The general liability insurance does not carry a deductible.

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

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**B. Workers' Compensation**

The School District uses the firm of Sheakley to provide administrative support for claims processing, and to assist the School District in compliance with Bureau of Workers Compensation and Industrial Commission regulations. The School District purchases its workers' compensation coverage from the Ohio Bureau of Workers Compensation. The School District's Managed Care Organization (MCO) is Sheakley UniComp. The School District's Third Party Administrator (TPA) is Comp Management.

**C. Employee Dishonesty Bonds**

The School District carries employee dishonesty bonds for the Superintendent, Assistant Treasurer, and all Board Members, in the amount of \$20,000, and for the Treasurer in the amount of \$100,000.

**D. Life Insurance**

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

Superintendent	\$190,000
Treasurer	74,000
High School Principal	84,000
Elementary Principal	77,000
Director of Special Ed	68,000
Director of Building, Grounds & Transp.	50,000
Athletic Director	67,000

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

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

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

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS**

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability (Asset)***

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The School District’s contractually required contribution to SERS was \$163,510 for fiscal year 2021.

***Plan Description - State Teachers Retirement System (STRS)***

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll effective July 1, 2016. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$415,511 for fiscal year 2021.

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***Net Pension Liability***

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03335880%	0.02413873%	
Prior Measurement Date	0.03521390%	0.02434174%	
Change in Proportionate Share	-0.00185510%	-0.00020301%	
Proportionate Share of the Net Pension Liability	\$ 2,206,421	\$ 5,840,714	\$ 8,047,135

***Actuarial Assumptions - SERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 3,022,528	\$ 2,206,421	\$ 1,521,692



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***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

***Discount Rate.*** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020.

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Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table represents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 8,316,160	\$ 5,840,714	\$ 3,742,980

**NOTE 9 - DEFINED BENEFIT OPEB PLANS**

The net OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

See Note 8 for a description of the net OPEB liability (asset).

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$22,935.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability (Asset)***

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.03480200%	0.02413900%
Prior Measurement Date	0.03609600%	0.02434200%
Change in Proportionate Share	-0.00129400%	-0.00020300%
Proportionate Share of the Net		
OPEB Liability (Asset)	\$ 756,366	\$ (424,242)

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***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the

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Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that

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are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 925,768	\$ 756,366	\$ 621,684

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 595,577	\$ 756,366	\$ 971,371

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (369,119)	\$ (424,242)	\$ (471,013)
		Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (468,110)	\$ (424,242)	\$ (370,805)

**NOTE 10 – BUDGETARY BASIS OF ACCOUNTING**

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

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(a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,

(b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

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

	<u>General Fund</u>
Modified Cash Basis	\$ 1,152,242
Funds Budgeted Elsewhere**	(8,770)
Adjustment for Encumbrances	(193,775)
Budget Basis	\$ 949,697

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

**NOTE 11 - INTERFUND ACTIVITY**

During the fiscal year ended June 30, 2021, the following advances in and out occurred:

	<u>Advances In</u>	<u>Advances Out</u>
Fund:		
General	\$ 60,000	\$ 55,000
Other Governmental Funds:		
District Managed Student Activity	55,000	60,000
	\$ 115,000	\$ 115,000

At June 30, 2021, the general fund made payments to the district managed student activity in the amount of \$55,000 to cover a negative balance within the fund. The district managed student activity fund made payments to return advances made in the prior year.

**NOTE 12 – STATUTORY RESERVES**

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



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The following cash basis information identifies the changes in the fund balance reserves for capital improvements during fiscal year 2021.

	Capital Maintenance Reserve
Set Aside Restricted Balance June 30, 2020	\$ -
Current Year Set Aside Requirement	100,708
Current Year Offsets	<u>(139,240)</u>
Total	<u>\$ (38,532)</u>
Balance Carried Forward to Fiscal Year 2022	<u>\$ -</u>
Set Aside Restricted Balance June 30, 2021	<u>\$ -</u>

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

**NOTE 13 – JOINTLY GOVERNED ORGANIZATION**

Heartland Council of Governments/North Central Ohio Computer Cooperative (the “COG”) – The COG is a jointly governed organization among 16 school districts, one educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2021, the School District paid \$23,969 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875- 0309.

**NOTE 14 – INSURANCE PURCHASING POOL**

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

**NOTE 15 – RELATED ENTITY**

Crestline Public Library (the “Library”)

The School District appoints the Governing Board of the Library; however, the School District cannot influence the Library’s operation, nor does the Library represent a potential financial benefit for or burden on the School District. The School District serves in a ministerial capacity as the taxing authority for the

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Library. Once the Library Board determines to present a levy to the voters, including the determination of its rate and duration, the School District must place the levy on the ballot. The Library may not issue debt. The Library determines its own budget.

**NOTE 16 – ENCUMBRANCE COMMITMENTS**

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

Fund	Amount
General Fund	194,346
Other Governmental	63,166
Total Governmental Funds	257,512

**NOTE 17 – FUND BALANCE**

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

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

	General Fund	Bond Retirement	Other Governmental	Total Governmental
<b>Nonspendable for:</b>				
Unclaimed Funds	\$ 3,574	\$ -	\$ -	\$ 3,574
<b>Restricted for:</b>				
Capital Improvements	-	-	693,859	693,859
Debt Service	-	6,153,809	-	6,153,809
Classroom Maintenance	-	-	518,670	518,670
Food Service Operations	-	-	96,004	96,004
School Supplies	-	-	18,621	18,621
Student Activities	-	-	34,554	34,554
Educational Activities	-	-	489,261	489,261
Auxillary Services	-	-	3,391	3,391
Total Restricted	-	6,153,809	1,854,360	8,008,169
<b>Committed to:</b>				
Staff Activities	-	-	2,261	2,261
<b>Assigned for:</b>				
Encumbrances:				
Instruction	60,394	-	-	60,394
Support Services	133,381	-	-	133,381
Public School Support	51,575	-	-	51,575
Uniform School Supplies	18,556	-	-	18,556
Total Assigned	263,906	-	-	263,906
<b>Unassigned</b>	7,236,501	-	(809,219) *	6,427,282
<b>Total Fund Balance</b>	\$ 7,503,981	\$ 6,153,809	\$ 1,047,402	\$ 14,705,192

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

\*Unassigned fund balance due to deficit fund balances in the following funds:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Public School Preschool	\$ 26,094
Miscellaneous State Grants	62,082
ESSER	171,576
IDEA-B	150,984
Title I School Improvement	6,620
Title I	317,339
Early Childhood Special Education	6,761
Improving Teacher Quality	33,324
Miscellaneous Federal Grants	34,439
	<u>\$ 809,219</u>

**NOTE 18 – CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

**B. Litigation**

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

**C. School Foundation**

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As a result of the fiscal year 2021 review, the District is owed \$9,889 from ODE. This amount has not been included in the financial statements.

**NOTE 19 – COMPLIANCE**

Ohio Administrative Code, Section 117-2-03(B), requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2021, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev.

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

*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Code, Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

**NOTE 20 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**NOTE 21 – SUBSEQUENT EVENT**

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$1,321,339 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported \$242,323 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each school district. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR</b>	<b>Federal</b>	
<i>Pass Through Grantor</i>	<b>AL</b>	<b>Total Federal</b>
<b>Program / Cluster Title</b>	<b>Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities)		
School Breakfast Program	10.553	\$ 7,350
National School Lunch Program	10.555	15,094
Cash Assistance		
School Breakfast Program	10.553	86,305
COVID-19 School Breakfast Program	10.553	24,607
National School Lunch Program	10.555	173,044
COVID-19 National School Lunch Program	10.555	36,641
Total Child Nutrition Cluster		<u>343,041</u>
Child and Adult Care Food Program	10.558	2,197
COVID-19 Child and Adult Care Food Program	10.558	651
Total Child and Adult Care Food Program		<u>2,848</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b><u>345,889</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Passed Through the Ohio Department of Education</i>		
Special Education Cluster:		
Special Education - Grants to States	84.027	153,186
Special Education - Preschool Grants	84.173	6,762
Total Special Education Cluster		<u>159,948</u>
Title I Grants to Local Educational Agencies	84.010	410,051
Supporting Effective Instruction State Grants	84.367	34,149
Rural Education	84.358	12,404
Student Support and Academic Enrichment Program	84.424	21,820
COVID-19 ESSER Education Stabilization Fund	84.425D	171,577
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b><u>809,949</u></b>
<b>U.S. DEPARTMENT OF TREASURY</b>		
<i>Passed Through the Ohio Department of Education</i>		
COVID-19 Coronavirus Relief Funds	21.019	35,282
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>		<b><u>35,282</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b><u>\$ 1,191,120</u></b>

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Crestline Exempted Village School District (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

**NOTE D – SUBRECIPIENTS**

The School District did not provide funds to subrecipients during the audit period.

**NOTE E - NUTRITION CLUSTER**

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE F – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Crestline Exempted Village School District  
Crawford County  
401 Heiser Ct.  
Crestline, Ohio 44827

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crestline Exempted Village School District, Crawford County, Ohio (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 20, 2022, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent period of the School District.

***Internal Control Over Financial Reporting***

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

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

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

**Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2021-001 and 2021-002.

**School District's Response to Findings**

The School District's responses to the findings identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the School District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

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



Keith Faber  
Auditor of State  
Columbus, Ohio

September 20, 2022



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 5<sup>th</sup> Floor  
Columbus, Ohio 43215-3506  
(614) 466-3402 or (800) 443-9275  
CentralRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Crestline Exempted Village School District  
Crawford County  
401 Heiser Court  
Crestline, Ohio 44827

To the Board of Education:

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

We have audited Crestline Exempted Village School District's (the School District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

### ***Management's Responsibility***

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to opine on the School District's compliance for the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on each Major Federal Program***

In our opinion, Crestline Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

September 20, 2022

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster Special Education Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Noncompliance  
GAAP Reporting**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year.

**Ohio Admin. Code 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The School District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time. Additionally, the School District did not file its report until February 10, 2022, which was 164 days after the August 30, 2021 deadline.

Pursuant to Ohio Rev. Code § 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School District's ability to evaluate and monitor the overall financial condition of the School District.

To help provide the users with more meaningful financial statements, the School District should prepare its annual financial statements according to generally accepted accounting principles and file their annual financial report by the required due date.

**Officials' Response**

Refer to Corrective Action Plan

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-002**

**Noncompliance  
Negative Fund Balances**

**Ohio Rev. Code § 3315.20** provides a school district may have a deficit in any special fund of the school district only if all of the following conditions are satisfied:

- The school district has a request for payment pending with the state sufficient to cover the amount of the deficit;
- There is a reasonable likelihood that the payment will be made; and
- The unspent and unencumbered balance in the school district's general fund is greater than the aggregate of deficit amounts in all of the school district's special funds.

The School District had the following negative balances after taking into consideration the conditions above:

<b>Fund</b>	<b>Fund Description</b>	<b>Fund Balance as of 6/30/21</b>
439	Public School Preschool	(\$26,090.83)
499	Miscellaneous State Grants	(\$62,082)
507	Elementary and Secondary School	(\$171,576.74)
516	IDEA Part B	(\$150,981.08)
536	Title I School Improvement Stimulus A	(\$6,621.18)
572	Title I Disadvantaged Children	(\$317,336.55)
587	IDEA Preschool - Handicapped	(\$6,762.29)
590	Improving Teacher Quality	(\$33,326.55)
599	Miscellaneous Federal Grant	(\$34,440.52)

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021  
(Continued)**

One or more of the conditions in Ohio Rev. Code § 3315.20 has not been met. For Fund 536 (Title I School Improvement Stimulus A), although a project cash request (PCR) was requested on 6/15/2021, the District's request that was pending with the state was not sufficient to cover the amount of the deficit in the fund. For the remaining above listed funds, no PCR was filed at or near year-end with the state requesting the negative balance be covered.

Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure(s) and control(s), such as the Management and/or Board's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers from the General Fund could be made to these funds or appropriations modified to prevent the negative cash balances. The School District should refer to Ohio Compliance Supplement (OCS) Chapter 1 and / or the Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

**Officials' Response**

Refer to Corrective Action Plan

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

None

# ***CRESTLINE EXEMPTED VILLAGE SCHOOLS***

*Board of Education Administrative Offices*

*401 Heiser Ct.*

*Crestline, OH 44827*

*Telephone (419) 683-3647*

*Fax (419) 683-4984*

**Matt Henderson**  
*Superintendent*

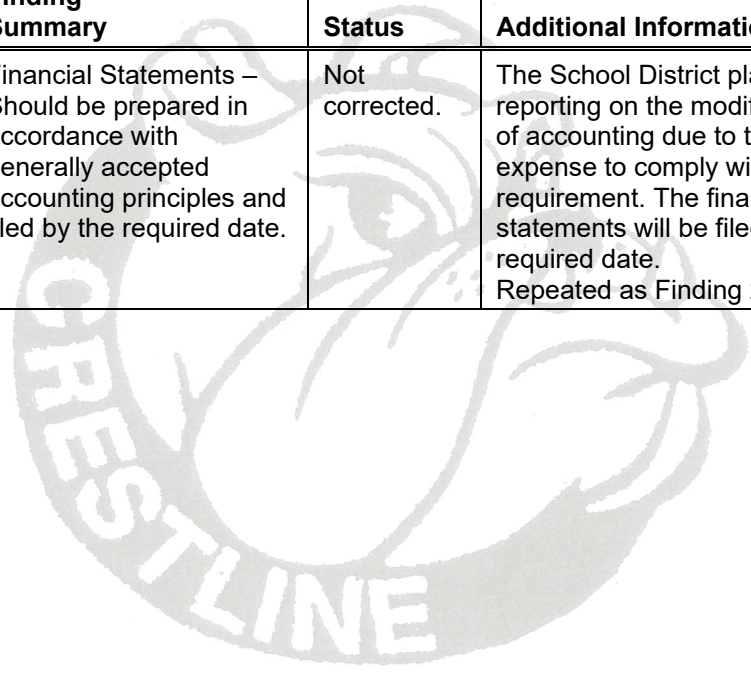
**Alina Nemeec**  
*Treasurer*

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**2 CFR 200.511(b)**

**For the Fiscal Year Ended June 30, 2021**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Financial Statements – Should be prepared in accordance with generally accepted accounting principles and filed by the required date.	Not corrected.	The School District plans to continue reporting on the modified cash basis of accounting due to the additional expense to comply with this requirement. The financial statements will be filed by the required date. Repeated as Finding 2021-001.



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# ***CRESTLINE EXEMPTED VILLAGE SCHOOLS***

*Board of Education Administrative Offices*

*401 Heiser Ct.*

*Crestline, OH 44827*

*Telephone (419) 683-3647*

*Fax (419) 683-4984*

**Matt Henderson**  
*Superintendent*

**Alina Nemec**  
*Treasurer*

## **CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2021**

**Finding Number:** 2021-001

**Planned Corrective Action:**

- 1) The School District plans to continue reporting on the cash basis of accounting due to the additional cost requirement of preparing these financial statements according to Generally Accepted Accounting Principles (GAAP).
- 2) The School District will make sure that the financial statements will be filed within sixty days after the close of the fiscal year.

**Anticipated Completion Date:**

- 1) N/A
- 2) Immediately

**Responsible Contact Person:** Alina Nemec, Treasurer

**Finding Number:** 2021-002

**Planned Corrective Action:**

- 1) The School District will make sure that Federal Grants project cash requests are submitted in a timely manner to avoid negative fund balances.

**Anticipated Completion Date:** 1) Immediately

**Responsible Contact Person:** Alina Nemec, Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT**

**CRAWFORD COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/29/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)