

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

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

OHIO AUDITOR OF STATE KEITH FABER

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Columbus, Ohio 43215
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Board of Education
Crestline Exempted Village School District
401 Heiser Court
Crestline, Ohio 44827

We have reviewed the *Independent Auditor's Report* of Crestline Exempted Village School District, Crawford County, prepared by Julian & Grube, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



Keith Faber
Auditor of State
Columbus, Ohio

January 23, 2025

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

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Independent Auditor's Report

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

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Crestline Exempted Village School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crestline Exempted Village School District, as of June 30, 2022, and the respective changes in modified cash-basis financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with modified cash basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Crestline Exempted Village School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Ohio Administrative Code § 117-2-03(B) requires the Crestline Exempted Village 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 of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Crestline Exempted Village School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Crestline Exempted Village School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Crestline Exempted Village School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crestline Exempted Village School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024 on our consideration of the Crestline Exempted Village School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Crestline Exempted Village School District's 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 Crestline Exempted Village School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
September 23, 2024

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

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022**

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 10,156,574
Cash and investments with fiscal agents	9,381,784
Total assets	<u>19,538,358</u>
Net position:	
Restricted for:	
Capital projects	808,365
Classroom facilities maintenance	570,772
Debt service	6,930,081
State funded programs	406,700
Federally funded programs	700
Food service operations	222,791
Student activities	30,342
Other purposes	66,790
Unrestricted	<u>10,501,817</u>
Total net position	<u><u>\$ 19,538,358</u></u>

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, 2022

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 2,862,297	\$ 26,848	\$ 81,334	\$ (2,754,115)
Special	1,774,548	69,122	997,000	(708,426)
Other	-	-	-	-
Support services:				
Pupil	533,612	-	277,760	(255,852)
Instructional staff	123,244	-	38,199	(85,045)
Board of education	50,353	-	-	(50,353)
Administration	1,033,409	-	3,780	(1,029,629)
Fiscal	334,910	-	-	(334,910)
Operations and maintenance	689,552	-	33,007	(656,545)
Pupil transportation	377,957	-	41,118	(336,839)
Central	87,006	-	-	(87,006)
Operation of non-instructional services:				
Food service operations	289,746	17,197	411,259	138,710
Other non-instructional services	198,340	-	96,463	(101,877)
Extracurricular activities	258,889	55,522	35,412	(167,955)
Debt service:				
Principal retirement	182,000	-	-	(182,000)
Interest and fiscal charges	295,130	-	-	(295,130)
Totals	\$ 9,090,993	\$ 168,689	\$ 2,015,332	(6,906,972)
General receipts:				
Property taxes levied for:				
General purposes				2,687,300
Debt service				691,699
Capital projects				103,648
Classroom facilities maintenance				38,536
Income taxes levied for:				
General purposes				237,670
Grants and entitlements not restricted				
to specific programs				5,451,902
Investment earnings				196,184
Miscellaneous				41,111
Total general receipts				9,448,050
Change in net position				2,541,078
Net position at beginning of year				16,997,280
Net position at end of year				\$ 19,538,358

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, 2022

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 9,127,315	\$ 229,865	\$ 799,394	\$ 10,156,574
Cash and investments with fiscal agents	-	6,700,216	-	6,700,216
Total assets	<u>\$ 9,127,315</u>	<u>\$ 6,930,081</u>	<u>\$ 799,394</u>	<u>\$ 16,856,790</u>
Fund balances:				
Nonspendable:				
Unclaimed monies	3,574	-	-	3,574
Restricted:				
Debt service	-	6,930,081	-	6,930,081
Capital improvements	-	-	808,365	808,365
Classroom facilities maintenance	-	-	570,772	570,772
Food service operations	-	-	222,791	222,791
Non-public schools	-	-	18,892	18,892
State funded programs	-	-	387,808	387,808
Federally funded programs	-	-	700	700
Extracurricular	-	-	30,342	30,342
Other purposes	-	-	60,264	60,264
Committed:				
Staff activities	-	-	2,952	2,952
Assigned:				
Student instruction	56,763	-	-	56,763
Student and staff support	182,474	-	-	182,474
Unassigned (deficit)	<u>8,884,504</u>	<u>-</u>	<u>(1,303,492)</u>	<u>7,581,012</u>
Total fund balances	<u>\$ 9,127,315</u>	<u>\$ 6,930,081</u>	<u>\$ 799,394</u>	<u>\$ 16,856,790</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, 2022

Total governmental fund balances	\$	16,856,790
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*Amounts reported for governmental activities on the
statement of net position are 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 on the statement of net position.

		<u>2,681,568</u>
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Net position of governmental activities		
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	\$	<u><u>19,538,358</u></u>
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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, 2022

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:				
Property taxes	\$ 2,687,300	\$ 691,699	\$ 142,184	\$ 3,521,183
Income taxes	237,670	-	-	237,670
Intergovernmental	6,026,526	92,326	1,335,797	7,454,649
Investment earnings	8,659	173,065	2	181,726
Tuition and fees	101,090	-	13,565	114,655
Extracurricular	1,723	-	55,072	56,795
Charges for services	1,598	-	17,647	19,245
Contributions and donations	-	-	6,599	6,599
Miscellaneous	39,513	-	(14,424)	25,089
Total receipts	<u>9,104,079</u>	<u>957,090</u>	<u>1,556,442</u>	<u>11,617,611</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,774,716	-	229,214	3,003,930
Special	1,177,640	-	694,367	1,872,007
Other	-	-	-	-
Support services:				
Pupil	500,901	-	42,781	543,682
Instructional staff	98,907	-	30,195	129,102
Board of education	50,353	-	-	50,353
Administration	976,605	-	64,463	1,041,068
Fiscal	357,339	19,234	3,893	380,466
Operations and maintenance	660,060	-	57,658	717,718
Pupil transportation	384,877	-	15,131	400,008
Central	91,359	-	-	91,359
Operation of non-instructional services:				
Food service operations	-	-	301,669	301,669
Other non-instructional services	580	-	198,052	198,632
Extracurricular activities	96,862	-	162,027	258,889
Debt service:				
Principal retirement	182,000	-	-	182,000
Interest and fiscal charges	133,546	161,584	-	295,130
Total disbursements	<u>7,485,745</u>	<u>180,818</u>	<u>1,799,450</u>	<u>9,466,013</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,618,334</u>	<u>776,272</u>	<u>(243,008)</u>	<u>2,151,598</u>
Other financing sources (uses):				
Advances in	55,000	-	50,000	105,000
Advances (out)	(50,000)	-	(55,000)	(105,000)
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balances	1,623,334	776,272	(248,008)	2,151,598
Fund balances at beginning of year	<u>7,503,981</u>	<u>6,153,809</u>	<u>1,047,402</u>	<u>14,705,192</u>
Fund balances at end of year	<u>\$ 9,127,315</u>	<u>\$ 6,930,081</u>	<u>\$ 799,394</u>	<u>\$ 16,856,790</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, 2022

Net change in fund balances - total governmental funds	\$	2,151,598
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*Amounts reported for governmental activities in the
statement of activities are different because:*

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursement) of the internal service fund is allocated among the governmental activities.

		<u>389,480</u>
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Change in net position of governmental activities	\$	<u><u>2,541,078</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property taxes	\$ -	\$ -	\$ 2,687,300	\$ 2,687,300
Income taxes	-	-	237,670	237,670
Intergovernmental	-	-	6,324,989	6,324,989
Investment earnings	-	-	8,659	8,659
Tuition and fees	-	-	243,430	243,430
Miscellaneous	-	-	39,513	39,513
Total receipts	-	-	9,543,159	9,543,159
Disbursements:				
Current:				
Instruction:				
Regular	-	-	2,874,443	(2,874,443)
Special	-	-	1,259,120	(1,259,120)
Other	-	-	446,427	(446,427)
Support services:				
Pupil	-	-	391,665	(391,665)
Instructional staff	-	-	129,712	(129,712)
Board of education	-	-	54,603	(54,603)
Administration	-	-	984,689	(984,689)
Fiscal	-	-	394,021	(394,021)
Operations and maintenance	-	-	707,690	(707,690)
Pupil transportation	-	-	404,881	(404,881)
Central	-	-	91,359	(91,359)
Operation of non-instructional services:				
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	96,862	(96,862)
Debt service:				
Principal	-	-	157,000	(157,000)
Interest and fiscal charges	-	-	158,546	(158,546)
Total disbursements	-	-	8,151,018	(8,151,018)
Excess of receipts over disbursements	-	-	1,392,141	1,392,141
Other financing sources:				
Refund of prior year's disbursements	-	-	57,091	57,091
Advances in	-	-	55,000	55,000
Advances (out)	-	-	(50,000)	(50,000)
Total other financing sources	-	-	62,091	62,091
Net change in fund balance	-	-	1,454,232	1,454,232
Fund balance at beginning of year	7,236,498	7,236,498	7,236,498	-
Prior year encumbrances appropriated	193,775	193,775	193,775	-
Fund balance at end of year	<u>\$ 7,430,273</u>	<u>\$ 7,430,273</u>	<u>\$ 8,884,505</u>	<u>\$ 1,454,232</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2022

	Governmental Activities - Internal Service Fund
Assets:	
Cash and investments with fiscal agents	<u>\$ 2,681,568</u>
Total assets	<u>2,681,568</u>
Net position:	
Unrestricted	<u><u>\$ 2,681,568</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Governmental Activities - Internal Service Fund
Operating receipts:	
Sales/charges for services	\$ 1,830,221
Other	56,920
Total operating receipts	<u>1,887,141</u>
Operating disbursements:	
Purchased services	510,419
Claims	<u>1,001,702</u>
Total operating disbursements	<u>1,512,121</u>
Operating income	<u>375,020</u>
Nonoperating receipts:	
Interest	<u>14,460</u>
Change in net position	389,480
Net position at beginning of year	<u>2,292,088</u>
Net position at end of year	<u><u>\$ 2,681,568</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
CUSTODIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Custodial</u>
Deductions:	
Other custodial fund disbursements	\$ 709
Total deductions	<u>709</u>
Change in net position	(709)
Net position at beginning of year	<u>709</u>
Net position at end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Crestline Exempted Village District (the “District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally elected, five member Board and lies entirely within Crawford and Richland Counties. The 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 District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Crestline Exempted Village District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations’ resources; or (3) the 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 District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. 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, the District has no component units.

The following activities are included within the reporting entity:

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

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

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 DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Following are the more significant of the 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 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 District as a whole. The statements include all funds of the 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 District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the 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 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 selffinancing or draws from the general resources of the 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 District segregates transactions related to certain 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 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 selfbalancing 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 DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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 District are financed. The following are the 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 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 District's bonds.

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

Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The 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 District, or to other governments, on a cost reimbursement basis. The only internal service fund of the 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 District's only fiduciary fund is a custodial fund. The custodial fund is used to account for assets held by the 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 custodial 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. Budgetary allocations at the function level in the General Fund and the function and object level within all other funds are made by the District's Treasurer.

**CRESTLINE EXEMPTED VILLAGE DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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 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 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 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 DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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 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 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 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 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 2022 were \$8,659, which includes \$4,717 assigned from other District funds.

An analysis of the District's cash and investments is provided in Note 4 of the basic financial statements.

E. Capital Assets

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

F. Accumulated Leave

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

H. Leases

The District is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when paid.

I. 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.

J. Inventory and Prepaid Items

The 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.

K. Interfund Transactions

The 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.

L. Employer Contributions to Cost-Sharing Pension Plans

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

M. 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, 2022, the 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 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 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 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 DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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 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.

N. Receipts and Disbursements

Program Receipts

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

O. 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.

P. 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 2022.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2022, the District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the District does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the District. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its basic financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements 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. The District can be fined and various other administrative remedies may be taken against the District.

Ohio Revised Code Section 117.38 and the Auditor of State Bulletin 2015-007, requires entities filing on a cash-basis must file annual reports with the Auditor of State, via the Hinkle Annual Financial Data Reporting System within 60 days of the fiscal year end. As the District's filing for fiscal year ended 2022 was completed August 2, 2023, the District is noncompliance with Ohio Revised Code Section 117.38.

Ohio Revised Code Section 117.41 states, a public office may be declared unauditale if it is unable to be audited due to improper maintenance of its accounts, records, files, or reports. On February 23, 2024, the District was officially declared unauditale for fiscal year 2022 by the Office of the Auditor of State due to failure to timely submit the unaudited financial statements to the Hinkle system as described in the paragraph above.

Ohio Revised Code Section 121.22(C) mandates that minutes of both regular and special meetings of any public office must be promptly prepared, filed, maintained, and made available for public inspection. The District did not prepare, file or maintain mintues for either regular or special meetings for fiscal year 2022. As a result, the District is noncompliance with Ohio Revise Code 121.22(C).

Ohio Revised Code Section 5705.38(B) provides that a Board of Education shall pass its annual appropriation measure by the first day of October. As the District could not provide evidence that the annual appropriations were ever passed due to the lack of maintaining minutes, the District is noncompliance with Ohio Revised Code Section 5705.38(B).

Ohio Revised Code Section 5705.41(B) prohibits the spending of money, unless the Board of Education has appropriated the expenditure. As the District could not provide documentation that annual appropriations were passed by the Board of Education, as described in the paragraph above, all expenditures are considered in excess of appropriations. The District is noncompliance with Ohio Revised Code Section 5705.41(B).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public School Preschool	\$ 154,298
Elementary and Secondary School Emergency	632,576
IDEA, Part B	143,058
School Improvement Stimulus A	26,646
Title I	273,027
School Support and Academic Enrichment Programs	25,144
IDEA Preschool Grant for Handicapped	5,737
Improving Teacher Quality	37,314
Miscellaneous Federal Grants	5,692

Ohio Revised Code Section 5705.10(I) requires money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The District had negative cash fund balances in various funds at the fiscal year end June 30, 2022 in noncompliance with Ohio Revised Code Section 5705.10(I).

Per Ohio Revised Code Section 3315.20, the District may maintain negative cash balances in certain nonmajor special revenue funds if three criteria are met: (1) the general fund must have available and unencumbered funds to cover the negative amounts; (2) a reimbursement request must have been submitted by the fiscal year-end; and (3) there is a reasonable likelihood that the request for payment will be made. The funds above did not meet requirement two, as a result the entire \$1,303,492 negative cash balance at June 30, 2022 is considered unallowable.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statute classifies monies held by the District into three categories.

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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 or by savings accounts, including passbook accounts.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage 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 fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time, if training requirements are met.

Protection of the 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.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

A. Cash on Hand

At fiscal year end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents."

B. Cash and Investments with Fiscal Agents

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2022 was \$2,681,568. This amount is not included in the "deposits" or "investments" reported below.

**CRESTLINE EXEMPTED VILLAGE DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The 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 obligations described in Note 7. These amounts are included in “investments” below and had a balance of \$6,700,216 at June 30, 2022.

These amounts are reported on the financial statements as “cash and investments with fiscal agents.”

C. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all District deposits was \$6,151,703 and the bank balance of all District deposits was \$6,397,569. Of the bank balance, \$5,775,816 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized and \$621,753 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2022, the District’s financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

D. Investments

As of June 30, 2022, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair value:</i>						
Commercial paper	\$ 1,582,169	\$ 1,582,169	\$ -	\$ -	\$ -	\$ -
FFCB	2,088,523	-	-	-	-	2,088,523
FHLB	3,881,045	-	-	250,000	-	3,631,045
Negotiable CDs	981,272	-	-	-	-	981,272
Money Market	127,541	127,541	-	-	-	-
US Treasury bills	219,700	219,700	-	-	-	-
US Treasury notes	<u>1,824,737</u>	<u>-</u>	<u>199,422</u>	<u>497,712</u>	<u>198,203</u>	<u>929,400</u>
Total	\$ 10,704,987	\$ 1,929,410	\$ 199,422	\$ 747,712	\$ 198,203	\$ 7,630,240

The weighted average maturity of investments is 2.86 years.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The District's investments in money markets are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities, negotiable certificates of deposit, U.S. Treasury notes, U.S. Treasury bills, and commercial paper are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard and Poor's and Moody's Investor Services, respectively. The money market and negotiable CDs were not rated. The negotiable CDs were fully covered by the FDIC. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute. The District's investments in US Treasury bills were rated P-1 and A-1 by Moody's Investor Services and Standard & Poors, respectively. The commercial paper is rated P-1 and A-1/A-1+ by Moody's and S&P, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>% to Total</u>
<i>Fair value:</i>		
Commercial paper	\$ 1,582,169	14.78
FFCB	2,088,523	19.51
FHLB	3,881,045	36.25
Negotiable CDs	981,272	9.17
Money Market	127,541	1.19
U.S. Treasury bills	219,700	2.05
U.S. Treasury notes	1,824,737	17.05
Total	<u>\$ 10,704,987</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2022:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,151,703
Cash with fiscal agent - self-insurance fund	2,681,568
Cash and investments with fiscal agent - sinking fund	6,700,216
Investments	4,004,771
Cash on hand	<u>100</u>
Total	<u>\$ 19,538,358</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 19,538,358</u>

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, 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 semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 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 District receives property taxes from Crawford and Richland County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 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 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 61,809,380	86.72	\$ 68,747,790	87.16
Public utility personal	<u>9,461,950</u>	<u>13.28</u>	<u>10,128,110</u>	<u>12.84</u>
Total	<u>\$ 71,271,330</u>	<u>100.00</u>	<u>\$ 78,875,900</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$75.45		\$73.90	

**CRESTLINE EXEMPTED VILLAGE DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 6 - INCOME TAX

On May 5, 2009, the District's voters approved a 0.25 percent earned income tax on individuals residing within the 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 District after withholding amounts for administrative fees and estimated refunds. The District income tax is credited to the general fund and is used for current operating disbursements.

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term obligations of the District at June 30, 2022 consisted of the following:

<u>Description</u>	<u>Balance 06/30/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/22</u>	<u>Amount Due in One Year</u>
Ohio School Facilities Construction and Improvement Bonds, Series 2009	\$ 9,913,151	\$ -	\$ -	\$ 9,913,151	\$ -
Direct Placements					
Notes Payable - Finance Purchase	<u>3,042,000</u>	<u>-</u>	<u>(182,000)</u>	<u>2,860,000</u>	<u>188,000</u>
Total debt obligations	<u>\$ 12,955,151</u>	<u>\$ -</u>	<u>\$ (182,000)</u>	<u>\$ 12,773,151</u>	<u>\$ 188,000</u>

Ohio Facilities Construction and Improvement Bonds – On November 24, 2009, the 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 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 \$161,584 for fiscal year 2022. The entire principal amount is due at the final maturity date. The District is setting aside monies toward this future payment in a sinking fund, described in Note 4 as "Cash and Investments with Fiscal Agents."

A required sinking fund payment of \$570,000 was paid in fiscal year 2022. Future sinking fund requirements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 610,000
2024	615,000
2025	625,000
2026	670,000
2027	<u>414,982</u>
	<u>\$ 2,934,982</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2022, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
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	<u>\$ 9,913,151</u>	<u>\$ 693,016</u>	<u>\$10,606,167</u>

OASBO (Ohio Association of School Business Officials) Capital Pool 1 – On August 13, 2009, the District entered into a \$4,337,000 notes payable - finance purchase agreement with the Columbus Regional Airport Authority to finance a portion of the District's facilities construction project. Capital assets acquired by the finance purchase have not been capitalized in the modified cash basis financial statements. Fiscal year 2022 principal and interest payments of \$157,000 and \$131,560, respectively, were paid from the general fund. The maturity date for the OASBO Capital Pool 1 is June 1, 2035.

OASBO Capital Pool 2 – On March 31, 2010, the District entered into a \$315,000 notes payable - finance purchase agreement with the Columbus Regional Airport authority to pay for the issuance costs and fees related to the District's bond issue. The agreement required the District to establish an escrow account with US Bank, as disclosed in Note 4. The District draws down funds from these accounts as needed in order to cover expenses incurred. Fiscal year 2022 principal and interest payments of \$25,000 and \$1,987, respectively, were paid from the general fund. The maturity date for the OASBO Capital Pool 2 is June 1, 2036.

The District facilities collateralize the finance purchase agreements. In the event of default, the agreement may be terminated, at the District's expense, with forfeiture of the constructed facility. The District may be liable for all applicable finance purchase payments due during the then-current finance purchase 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 finance purchase obligations at June 30, 2022, are as follows:

Fiscal Year Ending June 30,	Lease Purchase Obligations		
	Principal	Interest	Total
2023	\$ 188,000	\$ 122,984	\$ 310,984
2024	200,000	115,055	315,055
2025	207,000	106,637	313,637
2026	215,000	97,962	312,962
2027	192,000	88,865	280,865
2028 - 2032	1,089,000	312,347	1,401,347
2033 - 2036	769,000	67,805	836,805
Total	<u>\$ 2,860,000</u>	<u>\$ 911,655</u>	<u>\$3,771,655</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2022, the 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.

B. Workers' Compensation

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

C. Employee Dishonesty Bonds

The 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 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		87,000
Elementary Principal		79,000
Director of Special Ed		68,000
Director of Building, Grounds & Trans.		50,000
Athletic Director		68,000

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8 - RISK MANAGEMENT - (Continued)

E. Employee Group Medical and Dental Insurance

The District offers medical, prescription, and dental insurance to employees through a self-insurance program. The District has established a self-insurance internal service fund to account for this activity. The 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 District's behalf. The Jefferson County Educational Service Center is fiscal agent for the Jefferson Health Plan self-insurance plan.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB 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 these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the 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 funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system'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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a 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 under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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; or 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 years of service; 2.2% for the first thirty years of service and 2.5% 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 was 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% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy – Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$159,320 for fiscal year 2022.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website at 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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, 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 of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% 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 after termination of employment 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 that 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$429,297 for fiscal year 2022.

Net Pension Liability

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03335880%	0.02413873%	
Proportion of the net pension liability current measurement date	<u>0.03383590%</u>	<u>0.02302882%</u>	
Change in proportionate share	<u>0.00047710%</u>	<u>-0.00110991%</u>	
Proportionate share of the net pension liability	\$ 1,248,447	\$ 2,944,442	\$ 4,192,889

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 termination). 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 pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% 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, 2020.

The long-term return expectation for the Pension Plan Investments has been determined 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 a 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). 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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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 net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,077,109	\$ 1,248,447	\$ 549,600

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the June 30, 2021, actuarial valuation, post-employment mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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-employment disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's 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 Real 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	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 5,513,838	\$ 2,944,442	\$ 773,308

**CRESTLINE EXEMPTED VILLAGE DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at 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.

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment 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 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$22,935.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$22,935 for fiscal year 2022.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting 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% of covered payroll. For the fiscal year ended June 30, 2022, 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, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03480200%	0.02413900%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03498860%</u>	<u>0.02302882%</u>	
Change in proportionate share	<u>0.00018660%</u>	<u>-0.00111018%</u>	
Proportionate share of the net OPEB liability	\$ 662,188	\$ -	\$ 662,188
Proportionate share of the net OPEB asset	\$ -	\$ (485,544)	\$ (485,544)

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.

**CRESTLINE EXEMPTED VILLAGE DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% 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, 2020.

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 2015 through 2020 and was adopted by the Board in 2021. 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 were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, 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 timeframe. 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, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% 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 all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is 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. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the 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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 820,531	\$ 662,188	\$ 535,692

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 509,830	\$ 662,188	\$ 865,691

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%
Discount rate of return	7.00%	7.45%
Blended discount rate of return	N/A	N/A
Health care cost trends		
	Initial	Ultimate
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	-16.18%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	29.98%	4.00%

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

**CRESTLINE EXEMPTED VILLAGE DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
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	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 409,724	\$ 485,544	\$ 548,880
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 546,314	\$ 485,544	\$ 410,396

NOTE 11 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	<u>General fund</u>
Budget basis	\$ 1,454,232
Net adjustment for expenditure	(4)
Funds budgeted elsewhere	2,179
Adjustment for encumbrances	<u>166,927</u>
Cash basis	<u>\$ 1,623,334</u>

** 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 12 - INTERFUND ACTIVITY

During the fiscal year ended June 30, 2022, the following advances in and out occurred:

	<u>Advances In</u>	<u>Advances Out</u>
Fund:		
General	\$ 55,000	\$ 50,000
Other Governmental Funds:		
District Managed Student Activity	50,000	55,000
	<u>\$ 105,000</u>	<u>\$ 105,000</u>

At June 30, 2022, the general fund made payments to the district managed student activity fund in the amount of \$50,000 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 13 - STATUTORY RESERVES

The 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.

The following cash basis information identifies the changes in the fund balance reserves for capital improvements during fiscal year 2022.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	100,697
Current year offsets	<u>(156,935)</u>
Total	<u>\$ (56,238)</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<u>\$ -</u>

Although the 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.

**CRESTLINE EXEMPTED VILLAGE DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG") – The COG is a jointly governed organization among 16 Districts, one educational service center and a career center. The COG is an association of public 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 Districts. Each member 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 Districts. The degree of control exercised by any District is limited to its representation on the Cooperative Assembly. During fiscal year 2022, the District paid \$43,499 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

NOTE 15 - INSURANCE PURCHASING POOL

Jefferson Health Plan – The District is a participant with several other 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 Districts. The degree of control exercised by any participating District is limited to its representation on the Board.

NOTE 16 - RELATED ENTITY

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

NOTE 17 - ENCUMBRANCE COMMITMENTS

The 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 District's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General Fund	\$ 166,927
Other Governmental	648,838
Total Governmental Funds	<u>\$ 815,765</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 18 - CONTINGENCIES

A. Grants

The 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 District at June 30, 2022, if applicable, cannot be determined at this time.

B. Litigation

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

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During fiscal year 2022, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

NOTE 20 - SUBSEQUENT EVENT

Janice Wyckoff became the Treasurer effective May 7, 2024.

SUPPLEMENTARY INFORMATION

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2022	\$ 111,903
National School Lunch Program	10.555	2022	175,124
COVID-19 - National School Lunch Program	10.555	COVID-19, 2022	14,030
National School Lunch Program - Food Donation	10.555	2022	15,911
Total National School Lunch Program			205,065
Total Child Nutrition Cluster			316,968
Child and Adult Care Food Program	10.558	2022	4,186
COVID-19 - Child and Adult Care Food Program	10.558	COVID-19, 2022	809
Total Child and Adult Care Food Program			4,995
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2022	614
Total U.S. Department of Agriculture			322,577
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	52,095
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2022	266,455
Title I Grants to Local Educational Agencies - Expanding Opportunities For Each Child Non-Competitive Grant	84.010A	84.010A, 2022	3,500
Title I Grants to Local Educational Agencies - Title I Non-competitive, Supplemental School Improvement	84.010A	84.010A, 2022	20,025
Total Title I Grants to Local Educational Agencies			342,075
Special Education Cluster (IDEA)			
Special Education Grants to States (IDEA Part B)	84.027A	84.027A, 2022	133,357
COVID-19 - Special Education Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2022	3,786
Total Special Education Grants to States			137,143
Special Education Preschool Grants	84.173A	84.173A, 2022	5,737
Total Special Education Cluster (IDEA)			142,880
Supporting Effective Instruction State Grants	84.367A	84.367A, 2022	35,341
Student Support and Academic Enrichment Program	84.424A	84.424A, 2022	25,144
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	COVID-19, 84.425D, 2021	142
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	COVID-19, 84.425D, 2022	58,483
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2022	37,351
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	COVID-19, 84.425U, 2022	536,742
Total Education Stabilization Fund			632,718
Total U.S. Department of Education			1,178,158
Total Federal Financial Assistance			\$ 1,500,735

The accompanying notes are an integral part of this schedule.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Crestline Exempted Village School District under programs of the federal government for the fiscal year ended June 30, 2022 and is prepared in accordance with the cash basis of accounting. 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 Crestline Exempted Village School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Crestline Exempted Village School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Crestline Exempted Village School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

The Crestline Exempted Village School District reports commodities consumed on the Schedule at the entitlement value. The Crestline Exempted Village 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 Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Crestline Exempted Village School District's basic financial statements and have issued our report thereon dated September 23, 2024, wherein we noted the Crestline Exempted Village School District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-002 through 2022-006 that we consider to be material weaknesses.

Crestline Exempted Village School District

Crawford County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Crestline Exempted Village School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-001 through 2022-006.

Crestline Exempted Village School District's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Crestline Exempted Village School District's response to the findings identified in our audit and described in the accompanying corrective action plan. The Crestline Exempted Village School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Julian & Grube, Inc.

September 23, 2024

**Independent Auditor's Report on Compliance for Each 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 Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Crestline Exempted Village School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Crestline Exempted Village School District's major federal programs for the fiscal year ended June 30, 2022. The Crestline Exempted Village School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the Crestline Exempted Village School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Crestline Exempted Village School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Crestline Exempted Village School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Crestline Exempted Village School District's federal programs.

Crestline Exempted Village School District
Crawford County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Crestline Exempted Village School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Crestline Exempted Village School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Crestline Exempted Village School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Crestline Exempted Village School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Crestline Exempted Village School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Crestline Exempted Village School District
Crawford County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
September 23, 2024

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None reported
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None reported
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	COVID 19 – Education Stabilization Fund (ALN 84.425)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

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

Finding Number	2022-001
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Noncompliance - Annual Financial Report

Ohio Revised Code Section 117.38 provides 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. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).

The District prepares its financial statements in accordance with the modified cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the District being fined or other administrative remedies.

The District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Finding Number	2022-002
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Material Weakness/Noncompliance – Fund Balances

Ohio Revised Code Section 5705.10(I) requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. However, Ohio Revised Code Section 3315.20 provides an allowable exception for school districts, if all the following have been met:

- The school district has a request for payment pending with the state sufficient to cover the amount of the deficit.
- 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.
- There is a reasonable likelihood that the request for payment will be made.

At fiscal year end, the District had negative fund balances in the Public School Preschool Fund, Elementary and Secondary School Emergency Fund, IDEA, Part B Fund, School Improvement Stimulus A Fund, Title I Fund, School Support and Academic Enrichment Programs Fund, IDEA Preschool Grant for Handicapped Fund, Improving Teacher Quality Fund, and Miscellaneous Federal Grants Fund that did not meet the above exceptions as requests for payments were not submitted by the fiscal year end and/or did not cover the amount of the deficit.

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2022-002 - (Continued)
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By having a negative fund balance, these funds have spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management. Also, not requesting grant receipts in a timely manner could indicate insufficient monitoring of grant activity.

We recommend the District monitor the cash balances within its grant funds and draw down monies to meet its immediate cash needs. If funds are anticipated, but not yet received and expenditures are necessary, the District should advance or transfer funds from the General Fund with proper Board of Education approval. We also recommend the District utilize its accounting software program to its fullest and continually review relevant reports to assist in preventing negative fund balances. The District should continue to review available guidance or inquire of its auditors to ensure grant funds are requested timely in accordance with the relevant guidelines.

Finding Number	2022-003
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Material Weakness/Noncompliance – Late Hinkle Submission Filing

Ohio Revised Code Section 117.38 and Auditor of State Bulletin 2015-007, requires entities filing on a cash-basis must file annual reports with the Auditor of State, via the Hinkle Annual Financial Data Reporting System within 60 days of the fiscal year end.

The District's filing for fiscal year ended 2022 was completed August 2, 2023, which was past the 60-day deadline of August 29, 2022.

Any public office not filing the report by the required date may be required to pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750.

We recommend the District devise certain procedures, guidelines, and controls to ensure a draft copy of the financial statements is prepared at least one week prior to the filing deadline. This will ensure that the filing deadline is met.

Finding Number	2022-004
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Material Weakness/Noncompliance – Unauditable

Ohio Revised Code Section 117.41 states, a public office may be declared unauditable if it is unable to be audited due to improper maintenance of its accounts, records, files, or reports.

On February 23, 2024, the District was officially declared unauditable for fiscal year 2022 by the Office of the Auditor of State. This declaration resulted from the District's failure to timely submit the unaudited financial statements to the Hinkle system (see 2022-003).

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

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

Finding Number	2022-004 - (Continued)
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Under Ohio Revised Code Section 117.41, a public office declared unauditale must rectify its financial records and provide the necessary data within 90 days of the declaration. Failure to achieve an auditable condition within this timeframe may lead to legal action in accordance with Ohio Revised Code Section 117.42, potentially including a subpoena from the Attorney General requiring the District's Treasurer to account for the failure to correct the deficiencies. Failure to comply can also lead to the removal of the treasurer from office.

It is strongly recommended that the District promptly file any and all backlogged unaudited financial statements with the Hinkle system. We further recommend the District work with their external auditors to ensure all audits are completed timely. This will ensure the District's unauditale declaration is revoked.

Finding Number	2022-005
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Material Weakness/Noncompliance – Ohio Open Meetings Act

Ohio Revised Code Section 121.22(C) mandates that minutes of both regular and special meetings of any public office must be promptly prepared, filed, maintained, and made available for public inspection.

It was observed that the District did not prepare, file, or maintain minutes for either regular or special meetings.

The absence of these minutes impedes the ability to verify whether resolutions or ordinances, including critical items such as the budget, advances, and contracts, were properly passed by the Board of Education. Consequently, this lack of documentation raises concerns regarding the validity and approval of these transactions. By not having filed minutes, it is possible that a person may file an action in a common pleas court to compel the public body to obey the Ohio Open Meetings Act. If the court issue an injunction, the public body must correct its actions and pay court costs, a fine of \$500, and attorney fees.

We recommend that the District promptly prepare and file minutes for all regular and special meetings immediately upon their conclusion to ensure compliance with the Ohio Open Meetings Act and to maintain transparency and accountability.

Finding Number	2022-006
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Material Weakness/Noncompliance - Budgetary

Ohio Revised Code Section 5705.38(B) requires that the Board of Education adopt its annual appropriation measure by October 1.

The District has not provided sufficient documentation to demonstrate that either temporary or permanent appropriations were adopted by the Board of Education, due to the absence of meeting minutes (see Finding 2022-005).

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2022-006 - (Continued)
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The failure to adopt permanent appropriations in accordance with Board approval constitutes a violation of Ohio Revised Code Section 5705.41(B), which prohibits expenditures unless they have been duly appropriated. This lack of proper appropriation increases the risk of overspending beyond available funds, potentially leading to negative fund balances.

To address this issue, we recommend that the Board of Education ensure that permanent appropriations are adopted by October 1 and that this action is documented in the Board meeting minutes. Additionally, subsequent appropriation amendments should also be approved by the Board and documented within the meeting minutes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
401 HEISER COURT
CRESTLINE, OHIO 44827
(419) 682- 3647

JAMES SAXER,
SUPERINTENDENT

JANICE WYCKOFF
ACTING TREASURER



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2022

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2021-001	Unknown	<u>Noncompliance</u> - Ohio Admin. Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the District prepares its financial statements on a cash basis, which is a comprehensive basis of accounting other than GAAP.	Not Corrected	Finding repeated as 2022-001 as the District did not prepare its annual financial report in accordance with GAAP.
2021-002	2021	<u>Noncompliance</u> – Ohio Revised Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. However, it was noted that several fund balances at year-end were negative which indicates that money from one fund was used to cover the expenses for another fund.	Not Corrected	Finding repeated as 2022-002 as the District had negative fund balances at fiscal year end.

**CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT
401 HEISER COURT
CRESTLINE, OHIO 44827
(419) 682- 3647**

**JAMES SAXER,
SUPERINTENDENT**

**JANICE WYCKOFF
ACTING TREASURER**



**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2022**

Finding Number	Planned Corrective Action	Anticipation Completion Date	Responsible Contact Person
2022-001	The District acknowledges that financial statements were not prepared in accordance with GAAP. Moving forward, the District will collaborate with external accounting firms and auditors to ensure that future financial statements comply with GAAP standards. The District will provide training for staff to adopt proper GAAP accounting practices and prepare timely reports to avoid future noncompliance.	Unknown	The Board of Education and Treasurer
2022-002	The District recognizes the improper fund balance management and has begun implementing better cash management and monitoring procedures. The Acting Treasurer will establish strict oversight of fund balances, using the District's accounting software to monitor expenditures and draw down funds as required. Additionally, requests for grant receipts will be prioritized to prevent negative fund balances, and when necessary, the Board of Education will approve advances from the General Fund to cover deficits.	Fiscal Year 2025	Treasurer
2022-003	To ensure timely submission of financial reports, the District will implement a structured internal review process. Financial reports will be prepared at least one week prior to submission deadlines, with additional oversight to ensure compliance with submission requirements. The District will also work with its external auditors to meet filing deadlines and avoid penalties.	Fiscal Year 2025	Treasurer
2022-004	The District acknowledges that it was declared unauditale due to untimely submission of financial statements. Under the leadership of the Acting Treasurer, the District has since submitted the necessary financial data. Procedures will be put in place to ensure future audits are completed on time, and the District will engage with external auditors to confirm that all financial records meet the required standards.	Fiscal Year 2025	The Board of Education and Treasurer.
2022-005	The District recognizes the failure to properly maintain and file meeting minutes. To address this, the District has developed a system to ensure that minutes of all meetings are promptly prepared, approved, and made available for public inspection. This will prevent further violations of the Ohio Open Meetings Act and ensure proper documentation of Board decisions.	Fiscal Year 2025	The Board of Education and Treasurer.
2022-006	The District acknowledges the failure to adopt and document appropriations for FY2022. Moving forward, the District will ensure that both temporary and permanent appropriations are adopted by the Board of Education by October 1 each year. Additionally, all appropriations and amendments will be properly documented in the Board minutes, in compliance with the Ohio Revised Code.	Fiscal Year 2025	The Board of Education and 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 2/4/2025

65 East State 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