



Mary Taylor, CPA
Auditor of State

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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VAN WERT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Crestview Local School District
Van Wert County
531 E. Tully Street
Convoy, Ohio 45832

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, (the District), as of and for the years ended June 30, 2008 and 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative 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. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, as of June 30, 2008 and 2007, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 22, 2009

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The discussion and analysis of the Crestview Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets increased \$7,576,164 in fiscal year 2008.
- General revenues accounted for \$19,230,334, or 83 percent of all revenues in fiscal year 2008. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$3,821,462 or 17 percent of total revenues of \$23,051,796 in fiscal year 2008.
- The District's major funds included the General Fund, Bond Retirement Fund, Local Share Fund, and Ohio School Facilities Commission Fund (OSFC).
- In fiscal year 2008, the General Fund had \$8,415,326 in receipts and other financing sources and \$8,489,904 in disbursements and other financing uses. For fiscal year 2008 the General Fund's balance decreased \$74,578 from the prior fiscal year.
- In fiscal year 2008, the Bond Retirement Fund had \$6,784,414 in receipts and other financing sources and \$5,860,475 in disbursements. The Bond Retirement's balance increased \$923,939 from the prior fiscal year.
- In fiscal year 2008, the Local Share Fund had \$2,542,826 in receipts and other financing sources and \$80,974 in disbursements. The Local Share Fund's balance increased \$2,461,852 from the prior fiscal year.
- In fiscal year 2008, the OSFC Fund had \$5,709,082 in receipts and other financing sources and \$252,994 in disbursements. The OSFC Fund's balance increased \$5,456,088 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund. The General Fund, Bond Retirement Fund, Local Share Fund, and OSFC Fund are the District's major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2008. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the District discloses a single type of activity - governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major funds are the General Fund, Bond Retirement Fund, Local Share Fund, and OSFC Fund.

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal years 2008 and 2007. The increase in the District's current assets was attributed to the increase in income tax revenue and OSFC grant monies.

**Table 1
Net Assets - Cash Basis
Governmental Activities**

	<u>2008</u>	<u>2007</u>
Assets:		
Current and Other Assets	\$10,759,993	\$3,183,829
Total Assets	<u>10,759,993</u>	<u>3,183,829</u>
Net Assets:		
Restricted	9,463,482	1,813,540
Unrestricted	1,296,511	1,370,289
Total	<u>\$10,759,993</u>	<u>\$3,183,829</u>

Table 2 reflects the changes in net assets for fiscal years 2008 and 2007. The increase in revenues and expenditures was due to the increase in income tax revenue which allowed the increase in expenditures.

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities**

	<u>2008</u>	<u>2007</u>
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$888,317	\$899,464
Operating Grants and Contributions	923,931	840,947
Capital Grants and Contributions	2,009,214	7,798
Total Program Revenues	<u>3,821,462</u>	<u>1,748,209</u>
General Revenues:		
Property Taxes	2,121,182	2,184,426
Income Taxes	923,323	842,789
Grants and Entitlements	4,679,546	4,519,324
Investment Earnings	244,283	155,475
Payments in Lieu of Taxes	369,086	257,908
Miscellaneous	32,334	35,765
Proceeds of Notes	5,330,000	
Premium on Notes Issued	21,800	
Proceeds of Bonds	5,329,998	
Premium on Bonds Issued	177,774	
Refund of Prior Year Expenditures	1,008	952
Total General Revenues	<u>19,230,334</u>	<u>7,996,639</u>
Total Revenues	<u>23,051,796</u>	<u>9,744,848</u>

(Continued)

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities
(Continued)**

	2008	2007
Expenses:		
Instruction	5,374,439	5,156,871
Support Services:		
Pupils	529,823	497,115
Instructional Staff	243,698	222,886
Board of Education	28,000	46,929
Administration	691,218	616,001
Fiscal	228,306	224,851
Operation and Maintenance of Plant	648,272	560,098
Pupil Transportation	376,221	381,274
Central	145,799	168,851
Non-Instructional	473,764	417,296
Extracurricular Activities	441,745	502,615
Capital Outlay	421,307	129,402
Debt Service		
Principal	5,458,195	138,913
Interest	263,353	156,087
Issuance Costs	151,492	
Total Expenses	15,475,632	9,219,189
Increase in Net Assets	\$7,576,164	\$525,659

Program receipts account for 17 percent of total receipts in fiscal year 2008 and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

For fiscal year 2008 the major program disbursements for governmental activities are for instruction, which accounts for 35 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 7 percent of governmental disbursements in fiscal year 2008. Maintenance of the District's facilities also represents a significant disbursement of 4 percent. Principal and interest payments represent a significant disbursement of 37 percent. The remaining 17 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities, cash basis, reflects the cost of program revenues and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
Instruction	\$ 5,374,439	\$ 4,300,924	\$5,156,871	\$4,150,088
Support Services:				
Pupils	529,823	523,526	497,115	490,784
Instructional Staff	243,698	233,944	222,886	216,841
Board of Education	28,000	28,000	46,929	46,929
Administration	691,218	691,218	616,001	616,001
Fiscal	228,306	228,306	224,851	224,851
Operation and Maintenance of Plant	648,272	648,272	560,098	560,098
Pupil Transportation	376,221	369,841	381,274	370,300
Central	145,799	145,799	168,851	168,851
Non-Instructional	473,764	48,348	417,296	3,601
Extracurricular Activities	441,745	145,634	502,615	198,234
Capital Outlay	421,307	(1,582,682)	129,402	129,402
Debt Service				
Principal	5,458,195	5,458,195	138,913	138,913
Interest	263,353	263,353	156,087	156,087
Issuance Costs	151,492	151,492		
Total Expenses	\$15,475,632	\$11,654,170	\$9,219,189	\$7,470,980

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 80 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 75 percent. The remaining 25 percent are derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major government funds are the General Fund, Bond Retirement Fund, Local Share Fund, and OSFC Fund. Total governmental funds had receipts of \$25,320,644 and disbursements of \$17,744,480. The net positive change of \$7,576,164 in fund balance for the year indicates that the District was able to meet current costs.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2008, the District amended its General Fund budget as needed. Final expenditures were budgeted at \$8,630,323 while actual expenditures, including encumbrances, were \$8,495,915.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Debt Administration

During the fiscal year ended June 30, 2008, the District issued \$5,190,000 in Ohio School Facilities Commission serial and term bonds, and \$139,998 in capital appreciation bonds. The bonds mature in fiscal years 2009 through 2036. There were also capital appreciation bonds in the amount of \$395,027 from the 1993 advanced refunding of a 1988 bond issue. All bonds are retired from the Bond Retirement Debt Service Fund.

For further information regarding the District's debt, see the Note 13 to the basic financial statements.

Current Issues

The District's residents renewed an existing 5 mill operating levy on November 8, 2005 and renewed an Emergency Levy in November 2006. The District's residents passed a \$5,330,000 bond issue in November 2007 (approximately 4.6 mills) for a renovation project with the Ohio School Facilities Commission for a total of \$14,000,000.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Laura Metzger, Treasurer, Crestview Local School District, 531 E. Tully St., Convoy, OH 45832.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2008**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$10,759,993
Total Assets	<u>10,759,993</u>
Net Assets	
Restricted for:	
Debt Service	1,159,960
Capital Outlay	7,932,029
Other Purposes	371,493
Unrestricted	1,296,511
Total Net Assets	<u><u>\$10,759,993</u></u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Program Revenues			Net (Disbursements) Revenue and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				Governmental Activities
Instruction:				
Regular	\$3,919,241	\$272,225	\$144,225	(\$3,502,791)
Special	892,113		619,027	(273,086)
Vocational	186,413		38,038	(148,375)
Other	376,672			(376,672)
Support Services:				
Pupils	529,823		6,297	(523,526)
Instructional Staff	243,698		9,754	(233,944)
Board of Education	28,000			(28,000)
Administration	691,218			(691,218)
Fiscal	228,306			(228,306)
Operation and Maintenance of Plant	648,272			(648,272)
Pupil Transportation	376,221		1,155	(369,841)
Central	145,799			(145,799)
Operation of Non-Instructional Services	473,764	319,981	105,435	(48,348)
Extracurricular Activities	441,745	296,111		(145,634)
Capital Outlay	421,307			1,582,682
			2,003,989	
Debt Service:				
Principal	5,458,195			(5,458,195)
Issuance Costs	151,492			(151,492)
Interest and Fiscal Charges	263,353			(263,353)
Totals	\$15,475,632	\$888,317	\$923,931	\$2,009,214
				(11,654,170)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	1,684,515
Property Taxes, Levied for Capital Outlay	122,911
Property Taxes, Levied for Debt Service	283,009
Property Taxes, Levied for School Facilities	30,747
Payments in Lieu of Taxes	369,086
Income Taxes	923,323
Grants and Entitlements not Restricted to Specific Programs	4,679,546
Gifts and Donations	
Investment Earnings	244,283
Miscellaneous	32,334
Proceeds of Notes	5,330,000
Premium on Notes Issued	21,800
Proceeds of Bonds	5,329,998
Premium on Bonds Issued	177,774
Refund of Prior Year Expenditures	1,008
Total General Revenues	19,230,334
Change in Net Assets	7,576,164
Net Assets Beginning of Year	3,183,829
Net Assets End of Year	\$10,759,993

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Local Share Fund</u>	<u>OSFC FUND</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$1,299,711	\$1,159,960	\$2,461,852	\$5,456,088	\$382,382	\$10,759,993
Total Assets	<u>1,299,711</u>	<u>1,159,960</u>	<u>2,461,852</u>	<u>5,456,088</u>	<u>382,382</u>	<u>10,759,993</u>
Fund Balances						
Reserved for Encumbrances	6,011		5,600		9,503	21,114
Unreserved, Undesignated, Reported in:						
General Fund	1,293,700					1,293,700
Special Revenue Funds					358,790	358,790
Debt Service Funds		1,159,960				1,159,960
Capital Projects Funds			2,456,252	5,456,088	14,089	7,926,429
Total Fund Balances	<u>1,299,711</u>	<u>1,159,960</u>	<u>2,461,852</u>	<u>5,456,088</u>	<u>382,382</u>	<u>10,759,993</u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General Fund	Bond Retirement Fund	Local Share Fund	OSFC FUND	All Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$1,684,515	\$283,009			\$153,658	\$2,121,182
Income Tax	923,323					923,323
Intergovernmental	4,766,256	41,237		\$2,003,989	504,756	7,316,238
Interest	143,645		\$31,601	67,152	1,885	244,283
Tuition and Fees	526,973				27,280	554,253
Rent						
Extracurricular Activities					310,536	310,536
Gifts and Donations						
Sales/Charges for Services					319,981	319,981
Payments in Lieu of Taxes	369,086					369,086
Miscellaneous	670				31,664	32,334
Total Receipts	<u>8,414,468</u>	<u>324,246</u>	<u>31,601</u>	<u>2,071,141</u>	<u>1,349,760</u>	<u>12,191,216</u>
Disbursements						
Current:						
Instruction:						
Regular	3,834,869				84,372	3,919,241
Special	592,197				299,916	892,113
Vocational	186,413					186,413
Other	376,672					376,672
Support Services:						
Pupils	502,491				27,332	529,823
Instructional Staff	234,311				9,387	243,698
Board of Education	28,000					28,000
Administration	691,218					691,218
Fiscal	214,068	9,235			5,003	228,306
Operation and Maintenance of Plant	611,763				36,509	648,272
Pupil Transportation	376,203				18	376,221
Central	145,799					145,799
Operation of Non-Instructional Services					473,764	473,764
Extracurricular Activities	203,176				238,569	441,745
Capital Outlay	23,638		80,974	231,194	85,501	421,307
Debt Service:						
Principal		5,458,195				5,458,195
Interest		263,353				263,353
Issuance Costs		129,692		21,800		151,492
Total Disbursements	<u>8,020,818</u>	<u>5,860,475</u>	<u>80,974</u>	<u>252,994</u>	<u>1,260,371</u>	<u>15,475,632</u>
Excess of Receipts Over (Under) Disbursements	393,650	(5,536,229)	(49,373)	1,818,147	89,389	(3,284,416)
Other Financing Sources and Uses:						
Transfers In		952,396	797,366		519,086	2,268,848
Proceeds of Notes			1,713,859	3,616,141		5,330,000
Premium on Notes Issued				21,800		21,800
Proceeds of Bonds		5,329,998				5,329,998
Premium on Bonds Issued		177,774				177,774
Refund of Prior Year Expenditures	858				150	1,008
Transfers Out	(469,086)				(1,799,762)	(2,268,848)
Total Other Financing Sources and Uses	<u>(468,228)</u>	<u>6,460,168</u>	<u>2,511,225</u>	<u>3,637,941</u>	<u>(1,280,526)</u>	<u>10,860,580</u>
Net Change in Fund Balances	(74,578)	923,939	2,461,852	5,456,088	(1,191,137)	7,576,164
Fund Balance (Deficit) at Beginning of Year	1,374,289	236,021			1,573,519	3,183,829
Fund Balance (Deficit) at End of Year	<u>\$1,299,711</u>	<u>\$1,159,960</u>	<u>\$2,461,852</u>	<u>\$5,456,088</u>	<u>\$382,382</u>	<u>\$10,759,993</u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts				
Property and Other Local Taxes	\$1,656,000	\$1,683,500	\$1,684,515	\$1,015
Income Tax	750,000	923,000	923,323	323
Intergovernmental	4,647,308	4,724,033	4,766,256	42,223
Interest	150,000	150,000	143,645	(6,355)
Tuition and Fees	462,000	551,000	526,973	(24,027)
Rent	500	500		(500)
Payments in Lieu of Taxes	246,000	369,086	369,086	
Miscellaneous			670	670
Total Receipts	<u>7,911,808</u>	<u>8,401,119</u>	<u>8,414,468</u>	<u>13,349</u>
Disbursements				
Current:				
Instruction:				
Regular	3,830,234	3,911,844	3,837,695	74,149
Special	645,348	678,848	592,197	86,651
Vocational	189,076	188,076	186,413	1,663
Other	325,000	376,500	376,672	(172)
Support Services:				
Pupils	492,780	484,080	502,491	(18,411)
Instructional Staff	221,643	221,043	234,311	(13,268)
Board of Education	48,480	28,480	28,000	480
Administration	690,779	706,579	691,218	15,361
Fiscal	197,128	211,878	214,086	(2,208)
Operation and Maintenance of Plant	496,051	565,167	614,930	(49,763)
Pupil Transportation	311,085	361,657	376,203	(14,546)
Central	177,642	191,642	145,799	45,843
Extracurricular Activities				
Academic Oriented Activities	17,255	17,255	16,169	1,086
Occupation Oriented Activities	2,550	2,550	2,457	93
Sport Oriented Activities	182,400	182,400	174,958	7,442
School and Public Service Co-Curricular Act	9,600	9,600	9,592	8
Capital Outlay:				
Architecture and Engineering Services		23,638	23,638	
Total Disbursements	<u>7,837,051</u>	<u>8,161,237</u>	<u>8,026,829</u>	<u>134,408</u>
Excess of Receipts Over (Under) Disbursements	74,757	239,882	387,639	147,757
Other Financing Sources and Uses:				
Refund of Prior Year Expenditures			858	858
Transfers Out	(249,427)	(469,086)	(469,086)	
Total Other Financing Sources and Uses	<u>(249,427)</u>	<u>(469,086)</u>	<u>(468,228)</u>	<u>858</u>
Net Change in Fund Balances	(174,670)	(229,204)	(80,589)	148,615
Fund Balance (Deficit) at Beginning of Year	1,373,663	1,373,663	1,373,663	
Prior Year Encumbrances Appropriated	626	626	626	
Fund Balance (Deficit) at End of Year	<u>\$1,199,619</u>	<u>\$1,145,085</u>	<u>\$1,293,700</u>	<u>\$148,615</u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

	Private Purpose Trust	Agency Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$2,845	\$23,338
Total Assets	2,845	23,338
Liabilities		
Current Liabilities:		
Undistributed Monies		23,338
Total Liabilities		23,338
Net Assets		
Held in Trust for Scholarships	2,845	
Total Net Assets	\$2,845	\$0

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Private Purpose Trust</u>
Additions:	
Gifts/Donations	<u>\$2,500</u>
Total Additions	<u>2,500</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>2,500</u>
Total Deductions	<u>2,500</u>
Change in Net Assets	
Net Assets Beginning of Year	<u>2,845</u>
Net Assets End of Year	<u><u>\$2,845</u></u>

See accompanying notes to the basic financial statements.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Crestview Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is located in a prosperous community within Van Wert County, consisting of residences and significant office and retail commercial development. The District is staffed by 43 non-certificated employees and 72 certificated employees who provide services to 920 students and other community members.

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with five organizations, which are defined as jointly governed organizations, and insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, Van Wert Area Schools Consortium Local Professional Development Committee, Van Wert Area School Insurance Group, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A and 2.B, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

2. Fund Financial Statements

During the fiscal 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. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Governmental Funds:

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major funds are the General Fund, the Bond Retirement Fund, the Local Share Fund, and the Ohio School Facilities Commission (OSFC) Fund.

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended and 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 the principal and related interest on the school improvement bonds.

Local Share Fund – The Local Share Fund is used to account for the revenues and expenditures related to the local share of expenditures for the new building construction.

Ohio School Facilities Commission (OSFC) Fund – The OSFC Fund is used to account for revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function level within the General Fund, and at the function and object level within all other funds are made by the District Treasurer.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2008, the District's investments included negotiable certificates of deposit and Federal Home Loan Bank Bonds.

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 2008 was \$143,645, which included \$126,408 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets include revenues restricted for debt service, capital outlay and other purposes.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

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 cash basis of accounting used by the District.

I. Long-term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net assets are restricted for debt service, capital outlay and other purposes which include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation at June 30, 2008.

L. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

3. 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 financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/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.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – (Budget Basis) presented for the General Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis).

The adjustments necessary to reconcile the cash and budget basis statements for the General Fund are as follows:

Difference in Fund Balance	
Cash Basis	\$1,299,711
Increase/Decrease Due To:	
Encumbrances Outstanding at Fiscal Year End	(6,011)
Budget Basis	\$1,293,700

5. DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 that the Board 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 monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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 division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

A. Cash on Hand

As of June 30, 2008, the District had \$1,600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial risk beyond the requirements of State statute. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2008, the carrying amount of the District's deposits was \$9,259,795 and the bank balance was \$9,371,705. Of the bank balance, \$5,580,103 was covered by federal depository insurance (FDIC), \$300,000 was covered by Securities Investor Protection Corporation (SIPC) and \$3,491,602 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name.

- C. Investments** - As of June 30, 2008, the School District had invested in Federal Home Loan Bank Bonds in the amount of \$1,524,781 with maturity dates in excess of two years.

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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 District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M) (2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the Treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from custodian by the treasurer, governing board, or qualified trustee."

The Federal Home Loan Bank Bonds carry a rating of AAA by both Moody's and Standard and Poor's.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The Federal Home Loan Bonds represent twenty-one percent of the District's investment portfolio.

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the District operates on a fiscal year 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, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually. If paid annually, first payment is due December 31; if paid semiannually, the 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 revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent, and zero for 2009.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

6. PROPERTY TAXES (Continued)

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Van Wert County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2008, are available to finance fiscal year 2008 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 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and other Real Estate	\$62,995,670	89.6%	\$64,426,130	90.7%
General	616,730	.9%	395,790	.5%
Public Utilities	6,679,780	9.5%	6,223,190	8.8%
Total Assessed Value	<u>\$70,292,180</u>	<u>100%</u>	<u>\$71,045,110</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$47.50		\$47.50	

7. INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax levy took effect on January 1, 2005, for a five-year period. 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. Income tax revenue is credited to the General Fund.

8. PAYMENT IN LIEU OF TAXES

According to State law, the District has entered into agreements with a number of property owners under which the District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2008 were \$369,086.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

9. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2007, the District carried property and general liability insurance and boiler and machinery insurance. Professional liability is protected with \$1,000,000 each occurrence, \$3,000,000 in annual aggregate limit. Vehicles are covered by Selective Insurance Company. Automobile liability has a \$1,000,000 combined single limit of liability. In addition, there is a \$3,000,000 excess liability policy, which provides additional liability coverage to both the general liability policy and the auto policy.

Settled claims have not exceeded this commercial coverage in any of the past three years.

The Treasurer's position bond, Superintendent's and Board Members' bonds are provided by Travelers Casualty and Surety Company.

B. Health Care Benefits

The District participates in the Van Wert Area School Insurance Group (VWASIG), a public entity shared risk pool consisting of five members (See Note 16). Each member pays premiums to VWASIG for employee medical, dental, and life insurance benefits to the employees of the participants. VWASIG is responsible for the payment of all the VWASIG liabilities to its employees, dependants, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of VWASIG, all members' claims would be paid without regard to the member's account balance.

C. Workers' Compensation

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

10. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$494,342, \$492,299, and \$501,568 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$3,485 made by the School District and \$3,593 made by the plan members.

B. School Employee Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$92,215, \$101,758 and \$92,906 respectively; 48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

11. POST-EMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$38,337, \$38,165 and \$38,582 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$15,176.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$42,081, \$33,784, and \$32,422 respectively; 48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$6,644, \$6,920, and \$7,395 respectively; 48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

12. NOTES PAYABLE

The changes in the School District's notes payable during fiscal year 2008 were as follows:

	Interest Rate	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
Bond Anticipation Note	3.875%	\$0	\$5,330,000	\$5,330,000	\$0

The bond anticipation notes were acquired on December 20, 2007 to finance the Ohio School Classroom Facility Program until bonds were issued. The bond anticipation notes matured on June 17, 2008. The bond anticipation note was backed by the full faith and credit of the School District and matured within one year.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. LONG TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	<u>Interest Rate</u>	<u>Balance at 6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/08</u>	<u>Due Within One Year</u>
General Long-Term Debt						
General Obligation Bonds						
1993 School Improvement						
Capital Appreciation	5.7 to 5.85%	\$ 523,222		\$128,195	\$ 395,027	\$122,298
Accretion		635,579	\$ 59,883	161,805	533,657	172,702
2008 School Improvement						
Term	4.0 to 4.25%		4,405,000		4,405,000	
Serial	3.0 to 3.625%		785,000		785,000	30,000
Capital Appreciation						
Original Issue	3.75 to 4.01%		139,998		139,998	
Accretion			2,444		2,444	
Premium on Capital Appreciation			182,420		182,420	
Total General Long-Term Debt		<u>\$1,158,801</u>	<u>\$5,574,745</u>	<u>\$290,000</u>	<u>\$6,443,456</u>	<u>\$325,000</u>

1993 General Obligation Bonds - On July 1, 1993, the District issued bonds to refund \$2,600,000 School Improvement Bonds dated December 1, 1988 which were outstanding in the principal amounts of \$2,360,000 and \$665,000 in School Improvement Bonds dated October 1, 1991 which were outstanding in the principal amount of \$640,000. The bond issue included current interest bonds and capital appreciation bonds in the amount of \$2,790,000 and \$662,135, respectively. The current interest bonds were paid in full as of June 30, 2006. The remaining capital appreciation bonds will mature in fiscal years 2009 through 2014. The maturity amounts of the bonds are \$295,000 for fiscal year 2009, \$295,000 for fiscal year 2010, \$295,000 for fiscal year 2011, \$50,000 for fiscal year 2012, \$50,000 for fiscal year 2013, and \$50,000 for fiscal year 2014. The capital appreciation bonds bear an interest rate of 5.70 percent to 5.85 percent. Capital appreciation bonds are not subject to redemption prior to maturity.

School Facility Construction and Improvement Bonds, Series 2008 – On March 20, 2008, the District issued \$5,329,998 in voted general obligation bonds for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program, together with the land acquisition and other improvements to school facilities, equipment, site improvements, and all necessary appurtenances thereto. The bonds consist of \$785,000 in serial bonds, \$4,405,000 in term bonds and \$139,998 capital appreciation bonds. The capital appreciation bonds were sold at a premium of \$182,420. The bonds will be retired from the Bond Retirement Fund from a voted tax levy.

The Bonds are issuable as Bonds which pay interest semiannually (the "Current Interest Bonds") and as Bonds which do not pay interest currently but accrete in value in lieu thereof until their maturity date (the "Capital Appreciation Bonds"). The Bonds will be dated, mature, and bear interest or, in the case of the Capital Appreciation Bonds, accrete in value, all as more particularly described herein.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. LONG TERM OBLIGATIONS (Continued)

A. The Current Interest Bonds

The Current Interest Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Annual principal, and any premium, on all Current Interest Bonds are payable upon presentation and surrender by the registered owner thereof at the principal office of the Registrar. Semiannual interest on the Current Interest Bonds is payable each June 1 and December 1, commencing December 1, 2008, by check or draft to be mailed by the Paying Agent and Registrar to the registered owner as shown in the registration records maintained by the Paying Agent and Registrar as bond registrar on the 15th day of the month preceding such interest payment date.

The Current Interest Bonds (Serial Bonds) shall bear interest at the respective rates per annum shall be as follows:

<u>Maturity Date (December 1)</u>	<u>Principal Amount Maturing</u>	<u>Interest Rate</u>
2008	\$30,000	3.000%
2009	115,000	3.000%
2010	115,000	3.000%
2011	120,000	3.250%
2012	130,000	3.500%
2013	135,000	3.500%
2014	140,000	3.625%

The Current Interest Bonds (Term Bonds) shall bear interest at the respective rates per annum shall be as follows:

<u>Maturity Date (December 1)</u>	<u>Principal Amount Maturing</u>	<u>Interest Rate</u>
2020	\$ 490,000	4.000%
2022	375,000	4.000%
2025	630,000	4.000%
2028	730,000	4.000%
2032	1,155,000	4.125%
2035	1,025,000	4.250%

B. The Capital Appreciation Bonds

The Capital Appreciation Bonds will be dated their date of issuance. The Capital Appreciation Bonds do not bear current interest, but will accrete in value from their date of issuance. The accreted value so accrued and compounded shall be the Compound Accreted Amount. Payment of the Compound Accreted Amount shall be made upon presentation and surrender thereof at the principal office of the Paying Agent and Registrar. The Compound Accreted Amount of the Capital Appreciation Bonds as of each Compound Date is set forth in the Accretion Table provided below.

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
2015	\$53,085	\$150,000
2016	46,385	150,000
2017	40,528	150,000

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. LONG TERM OBLIGATIONS (Continued)

C. Mandatory Sinking Fund Redemption

The Current Interest Bonds due December 1, 2020 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2018, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2018	\$155,000
2019	165,000

Unless otherwise called for redemption, the remaining \$170,000 principal amount of the Bonds due December 1, 2020 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2021, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$185,000

Unless otherwise called for redemption, the remaining \$190,000 principal amount of the Bonds due December 1, 2022 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2025 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2023, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$200,000
2024	210,000

Unless otherwise called for redemption, the remaining \$220,000 principal amount of the Bonds due December 1, 2025 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2028 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2026, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$230,000
2027	245,000

Unless otherwise called for redemption, the remaining \$255,000 principal amount of the Bonds due December 1, 2028 is to be paid at stated maturity.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. LONG TERM OBLIGATIONS (Continued)

The Current Interest Bonds due December 1, 2032 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2029, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2029	\$265,000
2030	285,000
2031	295,000

Unless otherwise called for redemption, the remaining \$310,000 principal amount of the Bonds due December 1, 2032 is to be paid at stated maturity.

The Current Interest Bonds due December 1, 2035 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2033, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2033	\$330,000
2034	340,000

Unless otherwise called for redemption, the remaining \$355,000 principal amount of the Bonds due December 1, 2035 is to be paid at stated maturity.

D. Optional Redemption

The Current Interest Bonds maturing on December 1, 2018 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2018 at par, which is 100% of the face value of the Current Interest Bonds. The Capital Appreciation Bonds are not subject to redemption prior to scheduled maturity.

The annual requirements to service the principal and interest of the serial and term bonds to maturity are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 30,000	\$ 246,485	\$ 276,485
2010	115,000	203,631	318,631
2011	115,000	200,181	315,181
2012	120,000	196,506	316,506
2013	130,000	192,281	322,281
2014 - 2018	275,000	911,006	1,186,006
2019 - 2023	865,000	818,131	1,683,131
2024 - 2028	1,105,000	621,932	1,726,932
2029 - 2033	1,410,000	368,835	1,778,835
2034 - 2035	1,025,000	66,406	1,091,406
Totals	<u>\$5,190,000</u>	<u>\$3,825,394</u>	<u>\$9,015,394</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. LONG TERM OBLIGATIONS (Continued)

The annual requirements to service the principal and interest of the 1993 issue Capital Appreciation bonds are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$122,298	\$172,702	\$ 295,000
2010	115,501	179,499	295,000
2011	108,165	186,835	295,000
2012	17,306	32,694	50,000
2013-2014	31,757	68,243	100,000
Total	<u>\$395,027</u>	<u>\$639,972</u>	<u>\$1,035,000</u>

The annual requirements to service the principal and interest of the 2008 issue Capital Appreciation bonds are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2016	\$ 53,085	\$ 96,915	\$150,000
2017	46,385	103,615	150,000
2018	40,528	109,472	150,000
Total	<u>\$139,998</u>	<u>\$310,002</u>	<u>\$450,000</u>

At June 30, 2008, the District's overall legal debt margin was \$540,838, with an un-voted debt margin of \$71,045.

14. SET ASIDE DISCLOSURE

As stated in House Bill 412, revised in Senate Bill 345, school districts are required to maintain two reserves - one for capital acquisition and maintenance, and one for textbooks and other instructional materials. A reserve represents resources whose use is limited because of contractual or statutory restrictions. The following cash basis information describes the change in the year-end set-aside amounts. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30,2006	(\$63,125)	
Current Year Set-aside Requirement	149,609	\$ 149,609
Qualifying Offset		5,330,000
Qualifying Disbursements	(168,822)	(149,609)
	<u>(\$82,338)</u>	<u>(5,330,000)</u>
Cash Balance Carried forward to fiscal year 2009	<u>(\$82,338)</u>	<u>(\$5,330,000)</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

14. SET ASIDE DISCLOSURE (Continued)

Although the District had offsets and qualifying disbursements during the current and prior years that reduced the set-aside amounts to below zero, these extra amounts for textbooks may be used to reduce the set-aside requirements of future years. The District also issued bonds for the construction of a new facility related to the Ohio School Facilities Program. This amount may also be carried forward and used to reduce the set aside amount in future years.

15. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Mary's and Wapakoneta. The organization 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 educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county.

Financial information can be obtained from Raymond Burden, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Career Center

The Vantage Career Center is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority.

Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

C. Van Wert Area Schools Consortium Local Professional Development Committee

The District is a participant in the Van Wert Area Schools Consortium Local Professional Development Committee (the Committee), which is a regional council of governments established to provide professional educator license renewal standards and procedures. The Committee is governed by a Board made up of teachers from Crestview Local School District, Lincolnview Local School District, Vantage Career Center, Western Buckeye Educational Service Center, Thomas Edison MRDD, and principals from districts of the consortium. The degree of control exercised by any participating district is limited to its representation on the Board.

Financial information can be obtained from the Western Buckeye Educational Service Center, 10730 Lincoln Highway, Van Wert, Ohio 45891.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

16. INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Van Wert Area School Insurance Group (VWASIG)

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, who serves as fiscal agent, 641 North Jefferson Street, Van Wert, Ohio 45891.

17. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
UNAUDITED**

The discussion and analysis of the Crestview Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- In total, net assets increased \$525,659 in fiscal year 2007.
- General revenues accounted for \$7,996,639, or 82 percent of all revenues in fiscal year 2007. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1,748,209 or 18 percent of total revenues of \$9,744,848 in fiscal year 2007.
- The District's major funds included the General Fund and the Permanent Improvement Capital Projects Fund. In fiscal year 2007, the General Fund had \$8,055,073 in receipts and other financing sources and \$7,807,632 in disbursements and other financing uses. The fiscal year 2007 General Fund's balance increased \$247,441 from the prior fiscal year. In fiscal year 2007, the Permanent Improvement Capital Projects Fund had \$399,588 in receipts and other financing sources and \$132,540 in disbursements. The Permanent Improvement Capital Projects Fund's balance increased \$267,048 from the prior fiscal year.
- In an effort to reverse anticipated deficit spending, the Board and Association agreed to a staff-wide pay freeze for the 2004-2005 school year, along with a plan to cut \$400,000 in General Fund expenditures for the 2004-2005, 2005-2006, 2006-2007, 2007-2008, and 2008-2009 school years. Spending cuts were not going to be enough to solve the District's deficit problem, so the Board placed a 1 percent income tax levy on the ballot in November, 2004. Once again, the loyal residents of the District showed their support by voting in this issue on the first try, with collection to begin January 1, 2005 for five years.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund. The General Fund and the Permanent Improvement Capital Projects Fund are the District's major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2007. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the District discloses a single type of activity - governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major funds are the General Fund and the Permanent Improvement Capital Projects Fund.

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal years 2007 and 2006. The increase in the District's current assets was attributed to the increase in income tax revenue.

**Table 1
Net Assets - Cash Basis
Governmental Activities**

	2007	2006
Assets:		
Current and Other Assets	\$3,183,829	\$2,658,170
Total Assets	<u>3,183,829</u>	<u>2,658,170</u>
Net Assets:		
Restricted	1,813,540	1,531,322
Unrestricted	1,370,289	1,126,848
Total	<u>\$3,183,829</u>	<u>\$2,658,170</u>

Table 2 reflects the changes in net assets for fiscal years 2007 and 2006. The increase in revenues and expenditures was due to the increase in income tax revenue which allowed the increase in expenditures.

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities**

	2007	2006
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$899,464	\$985,460
Operating Grants and Contributions	840,947	690,645
Capital Grants and Contributions	7,798	16,519
Total Program Revenues	<u>1,748,209</u>	<u>1,692,624</u>
General Revenues:		
Property Taxes	2,184,426	2,199,093
Income Taxes	842,789	487,792
Grants and Entitlements	4,519,324	4,467,173
Investment Earnings	155,475	96,097
Payments in Lieu of Taxes	257,908	266,135
Miscellaneous	35,765	34,495
Refund of Prior Year Expenditures	952	9,161
Total General Revenues	<u>7,996,639</u>	<u>7,559,946</u>
Total Revenues	<u>9,744,848</u>	<u>9,252,570</u>
Expenses:		
Instruction	5,156,871	4,985,552
Support Services:		
Pupils	497,115	456,188
Instructional Staff	222,886	206,814
Board of Education	46,929	32,444
Administration	616,001	580,654
Fiscal	224,851	194,663
Operation and Maintenance of Plant	560,098	562,079
Pupil Transportation	381,274	339,674
Central	168,851	155,932

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

**Table 2
Change in Net Assets - Cash Basis
Governmental Activities
(Continued)**

	2007	2006
Non-Instructional	417,296	423,164
Extracurricular Activities	502,615	532,089
Capital Outlay	129,402	236,515
Principal	138,913	285,000
Interest	156,087	7,553
Total Expenses	<u>9,219,189</u>	<u>8,998,321</u>
Increase in Net Assets	<u>\$525,659</u>	<u>\$254,249</u>

Program receipts account for 18 percent of total receipts in fiscal year 2007 and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales. For fiscal year 2007 the major program disbursements for governmental activities are for instruction, which accounts for 56 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 12 percent of governmental disbursements in fiscal year 2007. Maintenance of the District's facilities also represents a significant disbursement of 6 percent. The remaining 26 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities, cash basis, reflects the cost of program revenues and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	Total Cost of 2007	Net Cost of 2007	Total Cost of 2006	Net Cost of 2006
Instruction	\$5,156,871	\$4,150,088	\$4,985,552	\$4,035,886
Support Services:				
Pupils	497,115	490,784	456,188	438,040
Instructional Staff	222,886	216,841	206,814	198,328
Board of Education	46,929	46,929	32,444	32,444
Administration	616,001	616,001	580,654	580,654
Fiscal	224,851	224,851	194,663	194,663
Operation and				
Maintenance of Plant	560,098	560,098	562,079	560,398
Pupil Transportation	381,274	370,300	339,674	331,248
Central	168,851	168,851	155,932	155,932
Non-Instructional	417,296	3,601	423,164	(1,190)
Extracurricular	502,615	198,234	532,089	250,226
Capital Outlay	129,402	129,402	236,515	236,515
Principal	138,913	138,913	285,000	285,000
Interest	156,087	156,087	7,553	7,553
Total Expenses	<u>\$9,219,189</u>	<u>\$7,470,980</u>	<u>\$8,998,321</u>	<u>\$7,305,697</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 80 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 81 percent. The remaining 19 percent are derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major government funds are the General Fund and the Permanent Improvement Capital Projects Fund. Total governmental funds had receipts of \$10,002,756 and disbursements of \$9,477,097. The net positive change of \$525,659 in fund balance for the year indicates that the District was able to meet current costs.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2007, the District amended its General Fund budget as needed. Final expenditures were budgeted at \$7,879,477 while actual expenditures, including encumbrances, were \$7,808,258.

Debt Administration

At June 30, 2007, the District had \$523,222 in capital appreciation bonds from the 1993 advanced refunding of the 1988 bond issue. The bonds will mature in fiscal years 2008 through 2014. The bonds are retired from the Bond Retirement Debt Service Fund.

For further information regarding the District's debt, see the Note 12 to the basic financial statements.

Current Issues

The District's residents renewed an existing 5 mill operating levy on November 8, 2005 and renewed an Emergency Levy in November 2006.

The challenge for all school districts is to provide a quality education with limited revenue growth. This is even more challenging for a rural district such as Crestview Local Schools. On July 1, 2005, legislation was passed (HB66) to eliminate Tangible Personal Property tax and replace it with a Commercial Activity Tax (CAT) that will flow through the state instead of through the local County Auditor. It is anticipated that this new CAT will be a reduction in revenue for the District. The five-year forecast is predicting a deficit for fiscal year 2010; but it may be sooner depending on the effects of HB66.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Laura Metzger, Treasurer, Crestview Local School District, 531 E. Tully St., Convoy, OH 45832.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2007**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$3,183,829
Total Assets	<u>3,183,829</u>
Net Assets:	
Restricted for:	
Debt Service	236,021
Capital Outlay	1,343,335
Other Purposes	234,184
Unrestricted	1,370,289
Total Net Assets	<u><u>\$3,183,829</u></u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Program Revenues			Net (Disbursements) Revenue and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$3,736,432	\$263,966	\$100,472	(\$3,371,994)
Special	889,114		585,535	(303,579)
Vocational	180,444		34,810	(145,634)
Other	350,881		22,000	(328,881)
Support Services:				
Pupils	497,115		6,331	(490,784)
Instructional Staff	222,886		6,045	(216,841)
Board of Education	46,929			(46,929)
Administration	616,001			(616,001)
Fiscal	224,851			(224,851)
Operation and Maintenance of Plant	560,098			(560,098)
Pupil Transportation	381,274		3,176	(370,300)
Central	168,851			(168,851)
Operation of Non-Instructional Services	417,296	331,117	82,578	(3,601)
Extracurricular Activities	502,615	304,381		(198,234)
Capital Outlay	129,402			(129,402)
Debt Service:				
Principal	138,913			(138,913)
Interest	156,087			(156,087)
Totals	<u>\$9,219,189</u>	<u>\$899,464</u>	<u>\$840,947</u>	<u>\$7,798</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	1,734,617
Property Taxes, Levied for Capital Outlay	126,645
Property Taxes, Levied for Debt Service	291,503
Property Taxes, Levied for School Facilities	31,661
Income Taxes	842,789
Grants and Entitlements not Restricted to Specific Programs	4,519,324
Gifts and Donations	
Investment Earnings	155,475
Payments in lieu of Taxes	257,908
Miscellaneous	35,765
Refund of Prior Year Expenditures	952
Total General Revenues	<u>7,996,639</u>
Change in Net Assets	525,659
Net Assets Beginning of Year	2,658,170
Net Assets End of Year	<u>\$3,183,829</u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,374,289	\$1,343,335	\$466,205	\$3,183,829
Total Assets	<u>1,374,289</u>	<u>1,343,335</u>	<u>466,205</u>	<u>3,183,829</u>
Fund Balances				
Reserved for Encumbrances	626		286	912
Unreserved, Undesignated, Reported in:				
General Fund	1,373,663			1,373,663
Special Revenue Funds			229,898	229,898
Debt Service Funds			236,021	236,021
Capital Projects Funds		1,343,335		1,343,335
Total Fund Balances	<u>\$1,374,289</u>	<u>\$1,343,335</u>	<u>\$466,205</u>	<u>\$3,183,829</u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property and Other Local Taxes	\$1,734,617	\$126,645	\$323,164	\$2,184,426
Income Tax	842,789			842,789
Intergovernmental	4,572,047	15,035	511,968	5,099,050
Interest	153,413		2,062	155,475
Tuition and Fees	492,234		26,717	518,951
Extracurricular Activities			318,689	318,689
Sales/Charges for Services			330,843	330,843
Payments in Lieu of Taxes	257,908			257,908
Miscellaneous	1,983		33,782	35,765
Total Receipts	<u>8,054,991</u>	<u>141,680</u>	<u>1,547,225</u>	<u>9,743,896</u>
Disbursements:				
Current:				
Instruction:				
Regular	3,645,884		90,548	3,736,432
Special	581,805		307,309	889,114
Vocational	180,444			180,444
Other	330,881		20,000	350,881
Support Services:				
Pupils	463,493		33,622	497,115
Instructional Staff	211,828		11,058	222,886
Board of Education	46,929			46,929
Administration	616,001			616,001
Fiscal	213,636	3,138	8,077	224,851
Operation and Maintenance of Plant	513,372		46,726	560,098
Pupil Transportation	380,921		353	381,274
Central	168,851			168,851
Operation of Non-Instructional Services			417,296	417,296
Extracurricular Activities	195,679		306,936	502,615
Capital Outlay		129,402		129,402
Debt Service:				
Principal			138,913	138,913
Interest			156,087	156,087
Total Disbursements	<u>7,549,724</u>	<u>132,540</u>	<u>1,536,925</u>	<u>9,219,189</u>
Excess of Receipts Over (Under) Disbursements	505,267	9,140	10,300	524,707
Other Financing Sources and Uses:				
Transfers In		257,908		257,908
Refund of Prior Year Expenditures	82		870	952
Transfers Out	(257,908)			(257,908)
Total Other Financing Sources and Uses	<u>(257,826)</u>	<u>257,908</u>	<u>870</u>	<u>952</u>
Net Change in Fund Balances	247,441	267,048	11,170	525,659
Fund Balance (Deficit) at Beginning of Year	1,126,848	1,076,287	455,035	2,658,170
Fund Balance (Deficit) at End of Year	<u>\$1,374,289</u>	<u>\$1,343,335</u>	<u>\$466,205</u>	<u>\$3,183,829</u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$1,647,519	\$1,731,067	\$1,734,617	\$3,550
Income Tax	700,000	842,500	842,789	289
Intergovernmental	4,546,398	4,580,196	4,572,047	(8,149)
Interest	147,033	147,033	153,413	6,380
Tuition and Fees	540,000	511,507	492,234	(19,273)
Miscellaneous	300	300	1,983	1,683
Payments in Lieu of Taxes	260,000	257,908	257,908	
Total Receipts	<u>7,841,250</u>	<u>8,070,511</u>	<u>8,054,991</u>	<u>(15,520)</u>
Disbursements:				
Current:				
Instruction:				
Regular	3,850,282	3,734,118	3,645,894	88,224
Special	512,412	599,219	581,805	17,414
Vocational	189,866	189,866	180,444	9,422
Other	216,700	315,304	330,881	(15,577)
Support Services:				
Pupils	418,292	448,070	463,493	(15,423)
Instructional Staff	201,031	204,173	211,828	(7,655)
Board of Education	30,573	41,598	46,929	(5,331)
Administration	603,023	607,223	616,001	(8,778)
Fiscal	187,488	218,745	213,636	5,109
Operation and Maintenance of Plant	500,589	472,764	513,988	(41,224)
Pupil Transportation	316,971	419,587	380,921	38,666
Central	157,203	161,977	168,851	(6,874)
Extracurricular Activities				
Academic Oriented Activities	16,417	16,417	16,267	150
Occupation Oriented Activities	1,890	1,890	2,418	(528)
Sport Oriented Activities	180,459	180,429	167,681	12,748
School and Public Service Co-Curricular Act	10,189	10,189	9,313	876
Total Disbursements	<u>7,393,385</u>	<u>7,621,569</u>	<u>7,550,350</u>	<u>71,219</u>
Excess of Receipts Over (Under) Disbursements	447,865	448,942	504,641	55,699
Other Financing Sources and Uses:				
Refund of Prior Year Expenditures			82	82
Transfers Out	(260,000)	(257,908)	(257,908)	
Total Other Financing Sources and Uses	<u>(260,000)</u>	<u>(257,908)</u>	<u>(257,826)</u>	<u>82</u>
Net Change in Fund Balances	187,865	191,034	246,815	55,781
Fund Balance (Deficit) at Beginning of Year	1,126,462	1,126,462	1,126,462	
Prior Year Encumbrances Appropriated	386	386	386	
Fund Balance (Deficit) at End of Year	<u>\$1,314,713</u>	<u>\$1,317,882</u>	<u>\$1,373,663</u>	<u>\$55,781</u>

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007**

	Private Purpose Trust	Agency Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$2,845	\$22,024
Total Assets	2,845	22,024
Liabilities		
Current Liabilities:		
Undistributed Monies		22,024
Total Liabilities		22,024
Net Assets		
Held in Trust for Scholarships	2,845	
Total Net Assets	\$2,845	\$0

See accompanying notes to the basic financial statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Private Purpose Trust</u>
Additions:	
Gifts/Donations	\$2,150
Total Additions	<u>2,150</u>
Deductions:	
Payments in Accordance with Trust Agreements	3,000
Total Deductions	<u>3,000</u>
 Change in Net Assets	 (850)
 Net Assets Beginning of Year	 <u>3,695</u>
Net Assets End of Year	<u><u>\$2,845</u></u>

See accompanying notes to the basic financial statements.

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**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Crestview Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is located in a prosperous community within Van Wert County, consisting of residences and significant office and retail commercial development. The District is staffed by 40 non-certificated employees and 71 certificated employees who provide services to 1,007 students and other community members.

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with five organizations, which are defined as jointly governed organizations, and insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, Van Wert Area Schools Consortium Local Professional Development Committee, Van Wert School Insurance Group, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15 of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A and 2.B, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

2. Fund Financial Statements

During the fiscal 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. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major funds are the General Fund and the Permanent Improvement Capital Projects Fund.

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

Permanent Improvement Capital Projects Fund - The Permanent Improvement Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function level within the General Fund, and at the function and object level within all other funds are made by the District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2007, the District's investments included only nonnegotiable certificates of deposit. 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 2007 was \$153,413, which included \$85,911 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

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 cash basis of accounting used by the District.

I. Long-term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation at June 30, 2007.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

L. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

3. 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 financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/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.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – (Budget Basis) presented for the General Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis). The adjustments necessary to reconcile the cash and budget basis statements for the General Fund are as follows:

Difference in Fund Balance	
Cash Basis	\$1,374,289
Increase/Decrease Due To:	
Encumbrances Outstanding at Fiscal Year End	<u>(626)</u>
Budget Basis	<u>\$1,373,663</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 that the Board 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 monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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 division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Cash on Hand

As of June 30, 2007, the District had \$1,600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District has no deposit policy for custodial risk beyond the requirements of State statute. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2007, the carrying amount of the District's deposits was \$3,207,098 and the bank balance was \$3,355,908. Of the bank balance, \$200,000 was covered by federal depository insurance, \$2,300,000 was covered by pledged specific collateral and \$855,908 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name.

C. Investments

As of June 30, 2007, the District had no investments.

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the District operates on a fiscal year 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, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually. If paid annually, first payment is due December 31; if paid semiannually, the 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 revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien on December 31, 2005, were levied after April 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

6. PROPERTY TAXES (continued)

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 was 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Van Wert County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2007, are available to finance fiscal year 2007 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 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and other Real Estate	\$62,012,936	89.0%	\$62,995,670	89.6%
General	943,670	1.4%	616,730	0.9%
Public Utilities	6,676,400	9.6%	6,679,780	9.5%
Total Assessed Value	<u>\$69,633,006</u>	<u>100%</u>	<u>\$70,292,180</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$47.50		\$47.50	

7. INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax levy was effective on January 1, 2005, for a five-year period. 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. Income tax revenue is credited to the General Fund.

8. PAYMENT IN LIEU OF TAXES

According to State law, the District has entered into agreements with a number of property owners under which the District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2007 were \$257,908.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

9. RISK MANAGEMENT

Property and Liability

- A. The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2007, the District carried property and general liability insurance and boiler and machinery insurance. Professional liability is protected with \$1,000,000 each occurrence, \$3,000,000 in annual aggregate limit.

Vehicles are covered by Selective Insurance Company. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. In addition, there is a \$3,000,000 excess liability policy, which provides additional liability coverage to both the general liability policy and the auto policy.

The Treasurer's position bond, Superintendent's and Board Members' bonds are provided by Travelers Casualty and Surety Company.

B. Health Care Benefits

The District participates in the Van Wert Area School Insurance Group, a public entity shared risk pool consisting of five members (See Note 15). Each member pays premiums to VWASIG for employee medical, dental, and life insurance benefits to the employees of the participants. VWASIG is responsible for the payment of all the VWASIG liabilities to its employees, dependants, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of VWASIG, all members' claims would be paid without regard to the member's account balance.

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the Plan.

10. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site 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 Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$492,299 \$501,568, and \$488,927 respectively; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$3,844 made by the School District and \$13,908 made by the plan members.

B. School Employee Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$101,758, \$92,906 and \$89,816 respectively; 49 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2007, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

11. POST-EMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2007, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund

The School District's contributions for health care for the fiscal years ended June 30, 2007, 2006, and 2005 were \$38,165, \$38,582 and \$37,610, respectively; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

B. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program.

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2007, 3.32 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2007, this amount was \$14,939.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$33,784, \$32,422 and \$31,436, respectively; 49 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2007, this actuarially required allocation was 0.68 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2007, 2006, and 2005 were, \$6,920, \$7,395 and \$7,057 respectively; 48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

12. LONG TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	<u>Interest Rate</u>	<u>Balance at 6/30/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at Due Within 6/30/07</u>	<u>One Year</u>
<u>General Long-Term Debt</u>						
General Obligation Bonds						
1993 School Improvement						
Capital Appreciation	5.7 to 5.85%	\$662,135		\$138,913	\$523,222	\$128,195
Accretion		719,075	\$72,591	156,087	635,579	161,805
Total General Long-Term Debt		<u>\$1,381,210</u>	<u>\$72,591</u>	<u>\$295,000</u>	<u>\$1,158,801</u>	<u>\$290,000</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

General Obligation Bonds - On July 1, 1993, the District issued bonds to refund \$2,600,000 School Improvement Bonds dated December 1, 1988 which were outstanding in the principal amount of \$2,360,000 and \$665,000 in School Improvement Bonds dated October 1, 1991 which was outstanding in the principal amount of \$640,000. The bond issue included current interest bonds and capital appreciation bonds in the amount of \$2,790,000 and \$662,135 respectively. The capital appreciation bonds bear an interest rate of 5.70 percent to 5.85 percent. As of June 30, 2006, the general obligation bonds were paid in full.

The capital appreciation bonds will mature in fiscal years 2007 through 2014. The maturity amounts of the bonds are \$290,000 for fiscal year 2008, \$295,000 for fiscal years 2009 through 2011, and, \$50,000 for fiscal years 2012 through 2014. Capital appreciation bonds are not subject to redemption prior to maturity. The annual requirements to service the principal and interest of the capital appreciation bonds to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$128,195	\$161,805	\$290,000
2009	122,298	172,702	295,000
2010	115,501	179,499	295,000
2011	108,165	186,835	295,000
2012	17,306	32,694	50,000
2013-2014	31,757	68,243	100,000
Total	<u>\$523,222</u>	<u>\$801,778</u>	<u>\$1,325,000</u>

At June 30, 2007, the District's overall legal debt margin was \$5,803,070, with an un-voted debt margin of \$70,292.

13. SET ASIDE DISCLOSURE

As stated in House Bill 412, revised in Senate Bill 345, school districts are required to maintain two reserves - one for capital acquisition and maintenance, and one for textbooks and other instructional materials. A reserve represents resources whose use is limited because of contractual or statutory restrictions.

The following cash basis information describes the change in the year-end set-aside amounts. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2007	(\$42,590)	
Current Year Set-aside Requirement	148,597	\$148,597
Qualifying Disbursements	(169,132)	(195,472)
	<u>(63,125)</u>	<u>(46,875)</u>
Cash Balance Carried forward to June 30, 2008	<u>(\$63,125)</u>	<u>\$ 0</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, the extra amounts for textbooks only may be used to reduce the set-aside requirements of future years.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Mary's and Wapakoneta. The organization 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 educational entities.

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Raymond Burden, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Career Center

The Vantage Career Center is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

C. Van Wert Area Schools Consortium Local Professional Development Committee

The District is a participant in the Van Wert Area Schools Consortium Local Professional Development Committee (the Committee), which is a regional council of governments established to provide professional educator license renewal standards and procedures.

The Committee is governed by a Board made up of teachers from Crestview Local School District, Lincolnview Local School District, Vantage Career Center, Western Buckeye Educational Service Center, Thomas Edison MRDD, and principals from districts of the consortium. The degree of control exercised by any participating district is limited to its representation on the Board. Financial information can be obtained from the Western Buckeye Educational Service Center, 10730 Lincoln Highway, Van Wert, Ohio 45891.

15. INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

15. INSURANCE POOLS (Continued)

B. Van Wert Area School Insurance Group (VWASIG)

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, who serves as fiscal agent, 641 North Jefferson Street, Van Wert, Ohio 45891.

16. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2007.

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Mary Taylor, CPA

Auditor of State

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

Crestview Local School District
Van Wert County
531 E. Tully Street
Convoy, Ohio 45832

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, (the District), as of and for the years ended June 30, 2008 and 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 22, 2009, wherein we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-002 through 2008-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated January 22, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated January 22, 2009.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, and Board of Education. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 22, 2009

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Noncompliance - Reporting

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Admin Code Section 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles.

However, the School District prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District should prepare their financial statements in accordance with generally accepted accounting principles (GAAP).

Client Response:

The District plans to continue preparing the GASB type cash basis reports because of the cost involved with preparing GAAP statements.

FINDING NUMBER 2008-002

Significant Deficiency - Reporting Cafeteria Data

The District records cafeteria activity on summary forms (CN-7's) to provide information to the Ohio Department of Education (ODE) for reimbursement requests through the national school lunch program. The ODE uses this data to reimburse the District and to compile summary forms (MR reports) and returns these reports to the District. The number of students for lunch sales did not agree to the CN reports and the MR reports for two months' reports.

The lack of a reconciliation procedure resulted in variances between the CN and MR reports that led to the loss of revenues based upon inaccurate or incomplete information presented for reimbursement through the national school lunch program. In May 2007, there was an isolated instance where the school had prepared "Senior Meals" that were given to senior students for free. These meals were included on the CN-7 in a separate column, but were then reported for reimbursement as Needy Free Lunch, when the school should not have been reimbursed for these meals. This error resulted in the District reimbursement request being overstated \$134.40, for which they were reimbursed.

In January 2008, the number of students that were reported for reimbursement per the MR-12 reports did not agree to the monthly totals on the CN-7's. The last week's total number of students in January was the number reported on the reimbursement request, when it should have been the total for the whole month of January. This error resulted in the District receiving a reimbursement of \$2,979.54, when they should have received \$10,529.00, for a difference of \$7,549.46.

**FINDING NUMBER 2008-002
(Continued)**

The total effect of these two errors resulted in the District reimbursements being \$7,415.06 less than what they were entitled. The lack of appropriate reconciliation procedures could also cause the under or over-statement in financial statement reporting.

Officials should develop and then implement a reconciliation process for the debit card system that would enable the amount deposited in the bank for all lunchroom sales, including snack revenue, to reconcile with the amount reported in the account cash transaction report (ACTRPT) lunchroom accounts. The procedure that is developed and then implemented should provide adequate and accurate supporting documentation that allows the reporting and recording of the lunchroom activity, to reconcile between the CN-7, the MR-10 and the District's ACTRPT, less the students' month end debit card balance. The cafeteria manager should reconcile the CN-7 student lunch counts and amounts to the MR-10 and MR-12 counts and amounts on a monthly basis. The District should submit a reimbursement request for the number of meals that had not previously been reported.

Client Response:

We recognize and agree that a reconciliation process is necessary between the cafeteria and the treasurer's office to insure correct and accurate reporting. This process has begun (11/08) as a result of the AOS finding.

FINDING NUMBER 2008-003

Significant Deficiency - Classifying Revenues and Expenditures

All transactions were posted to the receipt and disbursement journal (ACTRPT); however, not all transactions were posted to the correct account. The chart of accounts to be used for posting revenue and expenditure activity is outlined in the Uniform School Accounting System (USAS) user manual. The following items were not posted in accordance with the user manual during fiscal years 2008 and 2007.

- \$21,800 of issuance costs in fiscal year 2008 for the Bond Anticipation Notes (BAN) was posted as Capital outlay instead of Debt – Issuance Costs.
- \$31,601 of interest earned at BAN maturity was posted as a bond premium instead of interest income.
- the bond premium was posted net of the underwriter's discount. The bond premium was posted as General Obligation issued in the amount of \$138,162 instead of premium on Bonds and the underwriter's discount of \$39,612 was added as part of the premium and issuance cost.

The failure to follow the USAS manual when coding revenue and expenditure activity resulted in the misstatement of the revenue and expenditure line items for reporting. Reclassifications were made to the financial statements for the above three items.

The Uniform School Accounting System user manual should be reviewed when posting revenue and expenditure activity to determine which account code best represents the transaction. Also, the Fiscal Officer should post revenue and expenditure corrections that occur within the same year as reductions of the original transactions.

Client Response:

For the postings mentioned, I just followed the direction given to me by OSFC, and I would speculate the rules will change again by the time the District ever goes through another bond issue.

FINDING NUMBER 2008-004

Significant Deficiency - Investment Income

The District issued bonds on March 20, 2008 in the amount of \$5,330,000, plus capitalized interest, and invested the bond proceeds in securities and mutual funds with a local bank. The investment earnings were not recorded on the books of the District from the initial investment date through the opinion date. Also, there was no evidence of an investment record maintained to track the investment activity. All investment earnings were rolled into the mutual funds, but there was no investment record that maintained the actual cost basis of the securities with which to reconcile the books with the bank on the cash basis.

The lack of reporting interest income, gains and/or losses on the investments and maintaining an investment record that provides an accurate cost basis on the securities for reconciling purposes could result in the misstatement of the investment balances and the cash basis financial statements.

The District should develop written procedures that outline how the investment earnings should be recorded to the District records. The procedures should indicate what information should be provided in the form of an investment record to allow the cost basis of the investment account to be determined and reconciled with the books on a monthly basis in order to accurately present the cash basis financial statements.

Client Response:

We are now aware of the types of investments in our account and that there is a money market portion that is earning interest on a monthly basis, in addition to the income from the long-term investments. We will now record all interest earned.

**CRESTVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Finding for Recovery – Latchkey double hours paid	Yes	Repaid under audit
2006-002	Finding for Recovery – Latchkey double hours paid	Yes	Repaid under audit
2006-003	Finding for Recovery – Latchkey fundraiser was short revenue	Yes	Repaid under audit
2006-004	Finding for Recovery – athletic game shortage of revenue	Yes	Repaid under audit
2006-005	Ohio Adm. Code Section 117-2-03 (B) – prepare its annual financial report in accordance with generally accepted accounting principles (GAAP)	No	Repeated as finding 2008-001



Mary Taylor, CPA
Auditor of State

CRESTVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 19, 2009**