



Dave Yost • Auditor of State



**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Crestview Local School District, Van Wert County, Ohio, as of June 30, 2015, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

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

***Other Matters***

*Supplemental Information*

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

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

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

*Other Information*

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 20, 2016

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**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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, 2015. 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 2015 are as follows:

- In total, net position increased \$1,641,729 in fiscal year 2015.
- General receipts accounted for \$10,673,913, or 84 percent of all receipts in fiscal year 2015. Program specific receipts in the form of charges for services and sales, operating grants and contributions accounted for \$2,006,343 or 16 percent of total receipts of \$12,680,256 in fiscal year 2015.
- The District's major fund included the General Fund.
- In fiscal year 2015, the General Fund had \$11,109,808 in receipts and other financing sources and \$9,461,110 in disbursements and other financing uses. In fiscal year 2015 the General Fund's balance increased \$1,648,698 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 position 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 is the District's major fund.

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, 2015  
UNAUDITED  
(Continued)**

**Reporting the District as a Whole**

**Statement of Net Position and Statement of Activities**

The statement of net position and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2015. 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 position and changes in net position. This change in net position 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 position, 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 fund is the General 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, 2015  
UNAUDITED  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net position for fiscal years 2015 and 2014. The increase in the District's current assets was attributed to the increase in property tax revenue.

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

	<u>2015</u>	<u>2014</u>
<b>Assets:</b>		
Current and Other Assets	\$7,632,320	\$5,990,591
Total Assets	<u>7,632,320</u>	<u>5,990,591</u>
<b>Net Position:</b>		
Restricted	2,271,738	2,278,707
Unrestricted	5,360,582	3,711,884
Total	<u>\$7,632,320</u>	<u>\$5,990,591</u>

Table 2 reflects the changes in net position for fiscal years 2015 and 2014. The increase in net position was attributed to the overall increase in receipts.

**Table 2  
Change in Net Position – Cash Basis  
Governmental Activities**

	<u>2015</u>	<u>2014</u>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services and Sales	\$1,427,996	\$1,413,298
Operating Grants and Contributions	578,347	739,416
Total Program Receipts	<u>2,006,343</u>	<u>2,152,714</u>
<b>General Receipts:</b>		
Property Taxes	4,092,983	3,049,498
Income Taxes	1,042,388	1,112,668
Grants and Entitlements	4,987,185	4,873,237
Investment Earnings	30,171	27,340
Payments in Lieu of Taxes	426,626	955,877
Gifts and Donations		14,010
Miscellaneous	24,776	1,785
Sale of Capital Assets	14	
Refund of Prior Year Expenditures	69,770	24,790
Total General Receipts	<u>10,673,913</u>	<u>10,059,205</u>
Total Receipts	<u>12,680,256</u>	<u>12,211,919</u>
<b>Disbursements:</b>		
Instruction	6,439,601	6,330,924

(Continued)

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

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

	<b>2015</b>	<b>2014</b>
<b>Support Services:</b>		
Pupils	484,694	469,102
Instructional Staff	124,547	68,149
Board of Education	56,554	47,404
Administration	1,014,193	978,111
Fiscal	318,975	323,549
Operation and Maintenance of Plant	770,900	847,803
Pupil Transportation	377,433	336,278
Central	119,048	288,161
Non-Instructional	393,519	406,214
Extracurricular Activities	466,857	532,914
Capital Outlay	121,969	387,799
<b>Debt Service</b>		
Principal	140,000	138,479
Interest and Fiscal Charges	182,744	234,164
Refund of Prior Year Receipts	27,493	2,308
Total Disbursements	<u>11,038,527</u>	<u>11,391,359</u>
Increase/(Decrease) in Net Position	<u>\$1,641,729</u>	<u>\$820,560</u>

Program receipts account for 16 percent of total receipts in fiscal year 2015 and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

For fiscal year 2015 the major program disbursements for governmental activities are for instruction, which accounts for 58 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 9 percent of governmental disbursements in fiscal year 2015. Maintenance of the District's facilities also represents a significant disbursement of 7 percent. Extracurricular activities represent a significant disbursement of 4 percent. The remaining 22 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 receipts 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 receipts and unrestricted state entitlements.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u> <u>2015</u>	<u>Net Cost of Services</u> <u>2015</u>	<u>Total Cost of Services</u> <u>2014</u>	<u>Net Cost of Services</u> <u>2014</u>
Instruction	\$6,439,601	\$5,168,772	\$6,330,924	\$4,920,232
<b>Support Services:</b>				
Pupils	484,694	484,694	469,102	469,102
Instructional Staff	124,547	124,547	68,149	68,149
Board of Education	56,554	56,554	47,404	47,404
Administration	1,014,193	1,014,193	978,111	978,111
Fiscal	318,975	318,975	323,549	323,549
Operation and Maintenance of Plant	770,900	724,607	847,803	805,369
Pupil Transportation	377,433	377,433	336,278	336,278
Central	119,048	119,048	288,161	288,161
Non-Instructional	393,519	58,741	406,214	62,804
Extracurricular Activities	466,857	112,414	532,914	176,736
Capital Outlay	121,969	121,969	387,799	387,799
<b>Debt Service:</b>				
Principal	140,000	140,000	138,479	138,479
Interest and Fiscal Charges	182,744	182,744	234,164	234,164
Refund of Prior Year Receipts	27,493	27,493	2,308	2,308
<b>Total Disbursements</b>	<u>\$11,038,527</u>	<u>\$9,032,184</u>	<u>\$11,391,359</u>	<u>\$9,238,645</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 80 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 82 percent.

**The District's Funds**

The District's governmental funds are accounted for using the cash basis of accounting. The District's major government fund is the General Fund. Total governmental funds had receipts and other financing sources of \$12,682,256 and disbursements and other financing uses of \$11,040,527. The net positive change of \$1,641,729 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 2015, the District amended its General Fund budget as needed. Final expenditures were budgeted at \$9,752,688 while actual expenditures were \$9,455,519.

**Debt Administration**

At June 30, 2015, the District had \$4,405,000 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. 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding.

**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 Ashley Whetsel, Treasurer, Crestview Local School District, 531 E. Tully St., Convoy, OH 45832.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2015**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$7,632,320</u></u>
<b>Net Position:</b>	
<b>Restricted for:</b>	
Debt Service	246,081
Capital Outlay	1,352,125
Other Purposes	673,532
Unrestricted	<u>5,360,582</u>
Total Net Position	<u><u>\$7,632,320</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, 2015**

	<u>Cash Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$4,024,524	\$823,130	\$48,525	(\$3,152,869)
Special	1,258,483	82,185	281,600	(894,698)
Vocational	220,389		35,389	(185,000)
Student Intervention Services	697,616			(697,616)
Other	238,589			(238,589)
<b>Support Services:</b>				
Pupils	484,694			(484,694)
Instructional Staff	124,547			(124,547)
Board of Education	56,554			(56,554)
Administration	1,014,193			(1,014,193)
Fiscal	318,975			(318,975)
Operation and Maintenance of Plant	770,900	10,814	35,479	(724,607)
Pupil Transportation	377,433			(377,433)
Central	119,048			(119,048)
Operation of Non-Instructional Services	393,519	173,441	161,337	(58,741)
Extracurricular Activities	466,857	338,426	16,017	(112,414)
Capital Outlay	121,969			(121,969)
<b>Debt Service:</b>				
Principal	140,000			(140,000)
Interest and Fiscal Charges	182,744			(182,744)
Refund of Prior Year Receipts	27,493			(27,493)
<b>Totals</b>	<u>\$11,038,527</u>	<u>\$1,427,996</u>	<u>\$578,347</u>	<u>(9,032,184)</u>

**General Receipts:**

**Taxes:**

Property Taxes, Levied for General Purposes	3,538,849
Property Taxes, Levied for Capital Outlay	188,008
Property Taxes, Levied for Debt Service	319,096
Property Taxes, Levied for School Facilities	47,030
Payments in Lieu of Taxes	426,626
Income Taxes	1,042,388
Grants and Entitlements not Restricted to Specific Programs	4,987,185
Investment Earnings	30,171
Miscellaneous	24,776
Proceeds from Sale of Capital Assets	14
Refund of Prior Year Expenditures	69,770
<b>Total General Receipts</b>	<u>10,673,913</u>
<b>Change in Net Position</b>	<u>1,641,729</u>
<b>Net Position Beginning of Year</b>	<u>5,990,591</u>
<b>Net Position End of Year</b>	<u>\$7,632,320</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, 2015**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,748,169	\$1,884,151	\$7,632,320
<b>Fund Balances:</b>			
Non-spendable	1,678		1,678
Restricted		1,895,932	1,895,932
Committed	463,248		463,248
Assigned	53,163		53,163
Unassigned	5,230,080	(11,781)	5,218,299
Total Fund Balances	<u>\$5,748,169</u>	<u>\$1,884,151</u>	<u>\$7,632,320</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 FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>			
Property and Other Local Taxes	\$3,538,849	\$554,134	\$4,092,983
Income Tax	1,042,388		1,042,388
Intergovernmental	4,968,342	576,867	5,545,209
Interest	30,171	288	30,459
Tuition and Fees	891,984		891,984
Rent	10,814		10,814
Extracurricular Activities	110,940	227,486	338,426
Gifts and Donations		20,035	20,035
Sales/Charges for Services		186,772	186,772
Payments in Lieu of Taxes	426,626		426,626
Miscellaneous	24,776		24,776
Total Receipts	<u>11,044,890</u>	<u>1,565,582</u>	<u>12,610,472</u>
<b>Disbursements:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	3,843,912	180,612	4,024,524
Special	941,161	317,322	1,258,483
Vocational	220,389		220,389
Student Intervention Services	697,616		697,616
Other	238,589		238,589
<b>Support Services:</b>			
Pupils	484,694		484,694
Instructional Staff	124,547		124,547
Board of Education	56,554		56,554
Administration	1,014,193		1,014,193
Fiscal	300,902	18,073	318,975
Operation and Maintenance of Plant	696,572	74,328	770,900
Pupil Transportation	377,433		377,433
Central	119,048		119,048
Operation of Non-Instructional Services	68,644	324,875	393,519
Extracurricular Activities	247,363	219,494	466,857
Capital Outlay		121,969	121,969
<b>Debt Service:</b>			
Principal		140,000	140,000
Interest		182,744	182,744
Total Disbursements	<u>9,431,617</u>	<u>1,579,417</u>	<u>11,011,034</u>
Excess of Receipts Over (Under) Disbursements	<u>1,613,273</u>	<u>(13,835)</u>	<u>1,599,438</u>
<b>Other Financing Sources and (Uses):</b>			
Transfers In		2,000	2,000
Proceeds from Sale of Capital Assets	14		14
Refund of Prior Year Expenditures	64,904	4,866	69,770
Transfers Out	(2,000)		(2,000)
Refund of Prior Year Receipts	(27,493)		(27,493)
Total Other Financing Sources and (Uses)	<u>35,425</u>	<u>6,866</u>	<u>42,291</u>
Net Change in Fund Balances	1,648,698	(6,969)	1,641,729
Fund Balance at Beginning of Year	4,099,471	1,891,120	5,990,591
Fund Balance at End of Year	<u>\$5,748,169</u>	<u>\$1,884,151</u>	<u>\$7,632,320</u>

See Accompanying Notes to the Basic Financial Statements.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$2,730,000	\$3,538,849	\$3,538,849	
Income Tax	1,000,000	1,042,388	1,042,388	
Intergovernmental	4,799,500	4,969,237	4,968,342	(\$895)
Interest	24,000	26,999	30,171	3,172
Tuition and Fees	849,000	891,510	891,984	474
Rent	5,000	10,814	10,814	
Payments in Lieu of Taxes	857,000	426,626	426,626	
Miscellaneous		24,766	24,776	10
Total Receipts	<u>10,264,500</u>	<u>10,931,189</u>	<u>10,933,950</u>	<u>2,761</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	3,858,892	3,862,354	3,814,082	48,272
Special	913,314	917,629	945,842	(28,213)
Vocational	225,125	228,825	220,589	8,236
Student Intervention Services	810,000	739,000	697,616	41,384
Other	312,973	393,588	238,589	154,999
<b>Support Services:</b>				
Pupils	480,246	480,246	484,694	(4,448)
Instructional Staff	42,258	42,258	124,547	(82,289)
Board of Education	47,705	49,505	56,729	(7,224)
Administration	988,230	994,825	1,014,193	(19,368)
Fiscal	283,410	287,823	302,992	(15,169)
Operation and Maintenance of Plant	761,685	764,935	696,147	68,788
Pupil Transportation	355,845	356,540	385,518	(28,978)
Central	290,779	290,779	120,043	170,736
Extracurricular Activities	214,888	214,888	224,445	(9,557)
Total Disbursements	<u>9,585,350</u>	<u>9,623,195</u>	<u>9,326,026</u>	<u>297,169</u>
Excess of Receipts Over Disbursements	<u>679,150</u>	<u>1,307,994</u>	<u>1,607,924</u>	<u>299,930</u>
<b>Other Financing Sources and (Uses):</b>				
Transfers In	100,000	100,000	100,000	
Proceeds from Sale of Capital Assets		14	14	
Refund of Prior Year Expenditures		65,047	64,904	(143)
Transfers Out	(100,000)	(102,000)	(102,000)	
Refund of Prior Year Receipts		(27,493)	(27,493)	
Total Other Financing Sources and (Uses)		<u>35,568</u>	<u>35,425</u>	<u>(143)</u>
Net Change in Fund Balances	679,150	1,343,562	1,643,349	299,787
Fund Balance at Beginning of Year	3,668,492	3,668,492	3,668,492	
Prior Year Encumbrances Appropriated	18,239	18,239	18,239	
Fund Balance at End of Year	<u>\$4,365,881</u>	<u>\$5,030,293</u>	<u>\$5,330,080</u>	<u>\$299,787</u>

See Accompanying Notes to the Basic Financial Statements.

CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$56,822</u>	<u>\$35,836</u>
<b>Net Position:</b>		
Held in Trust for Scholarships	<u>\$56,822</u>	
Held for Student Activities		<u>\$35,836</u>

*See Accompanying Notes to the Basic Financial Statements.*

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Gifts/Donations	\$48,300
Interest	1
Total Additions	<u>\$48,301</u>
<b>Deductions:</b>	
Payments in Accordance with Trust Agreements	<u>4,356</u>
Change in Net Position	\$43,945
Net Position Beginning of Year	<u>12,877</u>
Net Position End of Year	<u><u>\$56,822</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, 2015**

**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 community within Van Wert County. The District is staffed by 40 non-certificated employees and 77 certificated employees who provide services to 869 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 four 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, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Van Wert Area School Insurance Group. These organizations are presented in Notes 14 and 15 to the basic 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, 2015  
(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 position 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 position 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 position 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, 2015  
(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 non-exchange transactions as governmental funds. The District's major fund is the General 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.

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 fund/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 object 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, 2015  
(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 2015, 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 revenue credited to the General Fund during fiscal year 2015 was \$30,171 which included \$9,866 assigned to other 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.

**J. Pension**

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Net Position**

Net position is 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 position 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 position is available.

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

**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**

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

**Non-spendable** - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

**Committed** - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assigned** - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

**3. COMPLIANCE AND CHANGE IN ACCOUNTING PRINCIPLE**

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 position /fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**Change in Accounting Principle**

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (Budgetary Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis) and certain funds included in the General Fund as part of the GASB 54 requirements are not included in the budgetary statement.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

<u>Net Change in Fund Balance</u>	
Cash Basis	\$1,648,698
Adjustment for Encumbrances	(26,361)
Funds Budgeted Elsewhere	21,012
Budget Basis	<u>\$1,643,349</u>

**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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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, 2015, the District had \$2,500 in un-deposited 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, 2015, the carrying amount of the District's deposits was \$7,722,478 and the bank balance was \$7,771,952. Of the bank balance, \$5,440,068 was covered by federal depository insurance (FDIC), \$2,331,884 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**

**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.

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."

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**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 year fiscal year.

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value.

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, 2015, are available to finance fiscal year 2015 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 2015 taxes were collected are:

	<b>2014 Second- Half Collections</b>		<b>2015 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and other Real Estate	\$100,418,200	73.8%	\$151,845,280	81.3%
Public Utilities	35,590,890	26.2%	34,875,010	18.7%
Total Assessed Value	<u>\$136,009,090</u>	<u>100.0%</u>	<u>\$186,720,290</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$41.30		\$37.30	

**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, 2015, 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**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 2015 were \$426,626.

**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 2015, 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 Liberty Mutual 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 and there has been no significant reduction in insurance coverage from the prior fiscal year.

The Treasurer's position bond, Superintendent's and Board Members' bonds are provided by The Cincinnati Insurance 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 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 (See Note 15). 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 & Company provides administrative, cost control and actuarial services to the Plan.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**10. DEFINED BENEFIT PENSION PLAN**

**A. Net Pension Liability**

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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

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**10. DEFINED BENEFIT PENSION PLAN (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$143,371 for fiscal year 2015.

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

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**10. DEFINED BENEFIT PENSION PLAN (Continued)**

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**10. DEFINED BENEFIT PENSION PLAN (Continued)**

The District's contractually required contribution to STRS was \$593,201 for fiscal year 2015.

**D. Net Pension Liability**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
Proportionate Share of the Net Pension Liability	\$1,971,389	\$9,979,636	\$11,951,025
Proportion of the Net Pension Liability	0.038953%	0.0410289%	

**E. Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**10. DEFINED BENEFIT PENSION PLAN (Continued)**

The most recent experience study was completed June 30, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$2,812,586	\$1,971,389	\$1,263,869

**F. Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**10. DEFINED BENEFIT PENSION PLAN (Continued)**

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**10. DEFINED BENEFIT PENSION PLAN (Continued)**

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
School District's proportionate share of the net pension liability	\$14,286,909	\$9,979,636	\$6,337,109

**G. 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 Employees Retirement System. As of June 30, 2015, three member of the Board of Education has selected Social Security. The contribution rate is 6.2 percent of wages.

**11. POST-EMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

**Plan Description** – The 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. Ohio law authorizes STRS Ohio to off the Plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**Funding Policy** – Chapter 3307 of the Ohio Revised Code 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 0 percent of covered payroll to postemployment healthcare.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$42,010, and \$42,027, respectively. The full amount has been contributed for all three fiscal years.

**B. School Employee Retirement System**

**1. Post-employment Benefits**

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**11. POST-EMPLOYMENT BENEFITS (Continued)**

**2. Medicare Part B Plan**

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of SERS' health care plans.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2015, the actuarially required allocation is .74%. The District's contributions for the years ended June 30, 2015, 2014 and 2013 were \$8,226, \$8,769, and \$8,280, respectively. For fiscal year 2015, 92 percent has been contributed. The full amount has been contributed for fiscal years 2014 and 2013.

**C. Health Care Plan**

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2015, the health care allocation is .82%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the minimum compensation level was established at \$20,450. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2015, 2014, and 2013 were \$9,116, \$15,691, and \$1,790, respectively. For fiscal year 2015, 92 percent has been contributed. The full amount has been contributed for fiscal years 2014 and 2013.



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(Continued)**

**11. POST-EMPLOYMENT BENEFITS (Continued)**

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**12. LONG TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2015 were as follows:

<u>General Long-Term Debt</u>	<u>Interest Rate</u>	<u>Balance at 6/30/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2015</u>	<u>Due within One Year</u>
2008 School Improvement						
Term	4.0 to 4.25%	\$4,405,000			\$4,405,000	
Serial	3.0 to 3.625%	140,000		\$140,000		
Capital Appreciation	3.75 to 4.01%					
Original Issue		139,998			139,998	\$53,085
Accretion		86,344	\$15,964		102,308	
Premium on Capital Appreciation		152,015		6,081	145,934	
<b>Total General Long-Term Debt</b>		<u>\$4,923,357</u>	<u>\$15,964</u>	<u>\$146,081</u>	<u>\$4,793,240</u>	<u>\$53,085</u>

**School Facility Construction and Improvement Bonds, Series 2008** – On March 20, 2009, 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.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**12. LONG TERM OBLIGATIONS (Continued)**

<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

**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% 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.

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**12. LONG TERM OBLIGATIONS (Continued)**

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.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**12. LONG TERM OBLIGATIONS (Continued)**

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 Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016		\$180,207	\$180,207
2017		180,206	180,206
2018		180,207	180,207
2019	\$155,000	177,106	332,106
2020	165,000	170,706	335,706
2021– 2025	955,000	745,331	1,700,331
2026 – 2030	1,215,000	528,966	1,743,966
2031 – 2035	1,560,000	245,650	1,805,650
2036	355,000	7,544	362,544
Total	<u>\$4,405,000</u>	<u>\$2,415,923</u>	<u>\$6,820,923</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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, 2015, the District's overall legal debt margin was \$12,011,586, with an un-voted debt margin of \$186,720.

**13. SET ASIDE DISCLOSURE**

As stated in House Bill 412, revised in Senate Bill 345, school districts are required to maintain reserves for capital acquisition and maintenance. 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**13. SET ASIDE DISCLOSURE (Continued)**

	<b>Capital Acquisition</b>
Set-aside Reserve Balance as of June 30, 2014	
Current Year Set-aside Requirement	\$149,034
Current Year Offsets	(149,034)
Total	0
Balance Carried Forward to Fiscal Year 2016	0
Set Aside Reserve Balance June 30, 2015	\$0

Excess qualified expenditures and current year offsets for capital improvements do not carry forward.

The District issued bonds for the construction of a new facility related to the Ohio School Facilities Program. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods.

**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.

**15. INSURANCE POOLS**

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

The School District participates in a group rating plan for worker's 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**15. INSURANCE POOLS (Continued)**

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, 205 West Crawford Street, Van Wert, Ohio 45891.

**16. CONTINGENCIES**

**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, 2015.

**17. FUND BALANCE**

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

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

<u>Fund Balance</u>	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Non-spendable for:</b>			
Unclaimed Monies	\$1,678		\$1,678
Total Non-spendable	1,678		1,678
<b>Restricted for:</b>			
Regular Instruction		\$14,305	14,305
Athletics		194,383	194,383
Food Service Operations		55,287	55,287
Facilities Maintenance		35,429	35,429
Debt Retirement		246,081	246,081
Permanent Improvement		281,156	281,156
Building Construction		1,069,291	1,069,291
Total Restricted		1,895,932	1,895,932

(Continued)

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**17. FUND BALANCE (Continued)**

<u>Fund Balance</u>	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Committed for:</b>			
Retirement Obligations	463,248		463,248
Total Committed	463,248		463,248
<b>Assigned for:</b>			
Educational Activities	26,802		26,802
Unpaid Obligations (encumbrances)	26,361		26,361
Total Assigned	53,163		53,163
Unassigned	5,230,080	(11,781)	5,218,299
Total Fund Balance	<u>\$5,748,169</u>	<u>\$1,884,151</u>	<u>\$7,632,320</u>

**18. FOUNDATION FUNDING**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

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**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>United States Department of Agriculture</b> (Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$27,842		\$26,693
Cash Assistance:					
School Breakfast Program	10.553	\$23,863		\$23,863	
National School Lunch Program	10.555	134,280		134,280	
Total Child Nutrition Cluster		<u>158,143</u>	<u>27,842</u>	<u>158,143</u>	<u>26,693</u>
Total United States Department of Agriculture		<u>158,143</u>	<u>27,842</u>	<u>158,143</u>	<u>26,693</u>
<b>United States Department of Education</b> (Passed through Ohio Department of Education)					
Title I Grants to Local Educational Agencies	84.010	107,896		128,954	
Special Education Cluster:					
Special Education_Grants to States	84.027	162,205		176,058	
Special Education_Preschool Grants	84.173	11,172		11,172	
Total Special Education Cluster		<u>173,377</u>		<u>187,230</u>	
Improving Teacher Quality State Grants	84.367	25,828		25,828	
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top, Incentive Grant, Recovery Act	84.395	6,261		9,128	
Total United States Department of Education		<u>313,362</u>		<u>351,140</u>	
Total Federal Financial Assistance		<u>\$471,505</u>	<u>\$27,842</u>	<u>\$509,283</u>	<u>\$26,693</u>

*See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.*

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Crestview Local School District (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Crestview Local School District, Van Wert County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 20, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

***District's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 20, 2016



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

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

We have audited the Crestview Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Crestview Local School District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

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

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Crestview Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

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

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 20, 2016

**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	<p><b>Special Education Cluster</b> CFDA #84.027 Special Education Grants to States CFDA #84.173 Special Education Preschool Grants</p> <p><b>Child Nutrition Cluster</b> CFDA #10.553 School Breakfast Program CFDA #10.555 National School Lunch Program</p>
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2015-001**

**NONCOMPLIANCE**

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

**Ohio Admin. Code §117-2-03 (B)** requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the District prepared its financial statements for fiscal year 2015 following the cash accounting basis. This is a comprehensive accounting basis other than 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 §117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District should prepare its annual financial statements in accordance with generally accepted accounting principles to include assets, liabilities, and the disclosures required to accurately present the District's financial condition and to provide the user with more meaningful and useful financial statements.

**Officials' Response**

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

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	<b>Ohio Rev. Code Section 117.38 &amp; Ohio Admin. Code Section 117-2-03(B)</b> – Failed to prepare financial statements in accordance with GAAP	No	Not Corrected - Repeated as Finding Number 2015-001

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# Dave Yost • 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  
MARCH 17, 2016**