



**Auditor of State  
Betty Montgomery**



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

Colonel Crawford Local School District  
Crawford County  
2303 State Route 602  
North Robinson, Ohio 44856

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2005, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the supplementary information. However, we did not audit the information and express no opinion on it.

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

**Betty Montgomery**  
Auditor of State

November 17, 2005

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

The discussion and analysis of the Colonel Crawford Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2005 are as follows:

- In total, net assets of governmental activities increased \$911,564 which represents a 40.80% increase from 2004.
- General revenues accounted for \$8,073,375 in revenue or 82.76% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,681,387 or 17.24% of total revenues of \$9,754,762.
- The District had \$8,843,198 in expenses related to governmental activities; \$1,681,387 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,073,375 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund and building fund. The general fund had \$7,628,611 in revenues and \$7,230,588 in expenditures and other financing uses. During fiscal year 2005, the general fund's fund balance increased \$398,023 from \$2,170 to \$400,193.
- The debt service fund had \$1,051,093 in revenues and other financing sources and \$1,015,109 in expenditures. During fiscal year 2005, the debt service fund's fund balance increased \$35,984 from \$786,143 to \$822,127.
- The building fund \$252,701 in revenues and \$6,693,743 in expenditures. During fiscal year 2005, the building fund's fund balance decreased \$6,441,042 from \$13,568,139 to \$7,127,097.

**Using these Basic Financial Statements**

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

The *Statement of Net Assets* and *Statement of Activities* 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 the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, debt service fund and building fund are by far the most significant funds, and the only governmental funds reported as major funds.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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(Continued)**

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund and building fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

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

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-46 of this report.

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2005 and 2004.

	<b>Net Assets</b>	
	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 16,090,105	\$ 20,623,737
Capital assets, net	<u>9,390,431</u>	<u>2,816,653</u>
Total assets	<u>25,480,536</u>	<u>23,440,390</u>
<b><u>Liabilities</u></b>		
Current liabilities	6,873,973	5,567,469
Long-term liabilities	<u>15,460,805</u>	<u>15,638,727</u>
Total liabilities	<u>22,334,778</u>	<u>21,206,196</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	1,477,823	1,556,833
Restricted	1,949,916	879,211
Unrestricted (deficit)	<u>(281,981)</u>	<u>(201,850)</u>
Total net assets	<u>\$ 3,145,758</u>	<u>\$ 2,234,194</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$3,145,758. Of this total, \$1,949,916 is restricted in use.

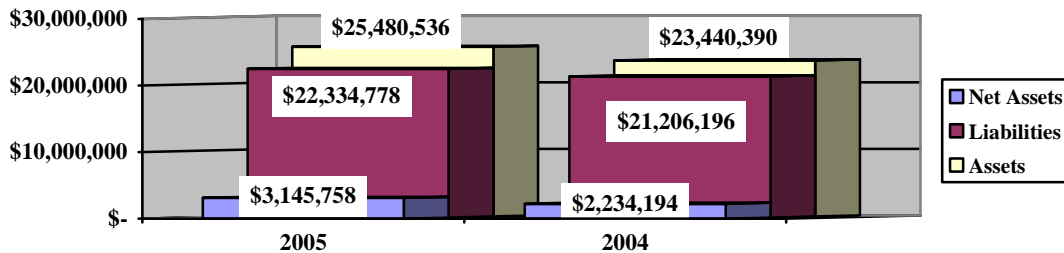
**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

At year-end, capital assets represented 36.85% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Capital assets, net of related debt to acquire the assets at June 30, 2005, were \$1,477,823. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,949,916, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$281,981.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2005 and 2004.

**Change in Net Assets**

	Governmental Activities 2005	Governmental Activities 2004
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 1,166,168	\$ 1,057,448
Operating grants and contributions	506,399	334,777
Capital grants and contributions	8,820	2,500
General revenues:		
Property taxes	4,962,052	3,945,790
Grants and entitlements	2,830,319	2,863,312
Investment earnings	271,542	220,001
Other	9,462	44,190
<b>Total revenues</b>	<b>9,754,762</b>	<b>8,468,018</b>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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(Continued)**

	<b>Change in Net Assets</b>	
	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 3,550,755	\$ 3,824,686
Special	982,476	939,512
Vocational	6,401	6,405
Support services:		
Pupil	391,092	446,751
Instructional staff	237,471	336,198
Board of education	75,578	85,757
Administration	738,483	728,665
Fiscal	287,255	264,141
Business	5,291	-
Operations and maintenance	583,104	596,589
Pupil transportation	573,322	549,764
Central	17,290	16,503
Operations of non-instructional services	13,962	15,000
Food service operations	304,876	303,504
Extracurricular activities	355,511	372,685
Interest and fiscal charges	<u>720,331</u>	<u>506,156</u>
Total expenses	<u>8,843,198</u>	<u>8,992,316</u>
Change in net assets	911,564	(524,298)
Net assets at beginning of year	<u>2,234,194</u>	<u>2,758,492</u>
Net assets at end of year	<u>\$ 3,145,758</u>	<u>\$ 2,234,194</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$911,564. Total governmental expenses of \$8,843,198 were offset by program revenues of \$1,681,387 and general revenues of \$8,073,375. Program revenues supported 19.01% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 85.16% of total governmental revenue.

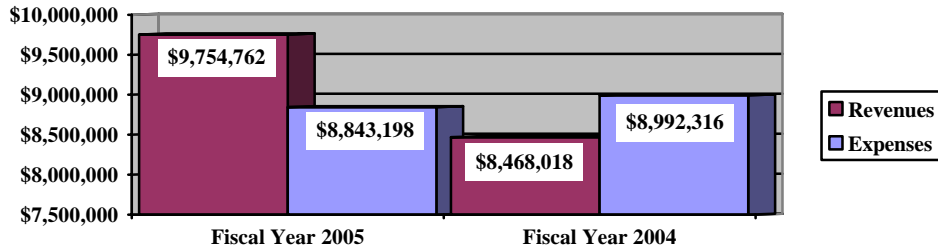
The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,539,632 or 51.33% of total governmental expenses for fiscal 2005.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2005 and 2004.

**Governmental Activities - Revenues and Expenses**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. The total cost of services represents the total cost the District incurred to provide the service and the net cost of services represents the cost of the service after applying specific program revenues attributable to that service. The net cost of services is financed by general revenues of the District (i.e. tax revenue and unrestricted State grants and entitlements).

**Governmental Activities**

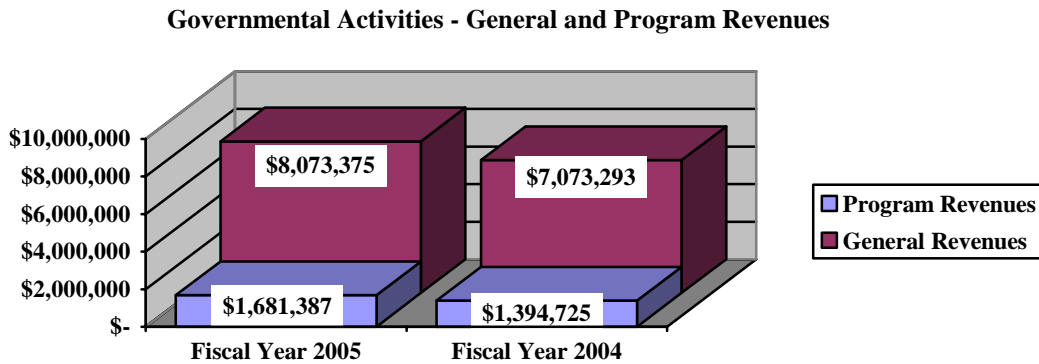
	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 3,550,755	\$ 2,686,994	\$ 3,824,686	\$ 3,029,772
Special	982,476	661,833	939,512	709,743
Vocational	6,401	6,401	6,405	6,405
Support services:				
Pupil	391,092	355,583	446,751	411,889
Instructional staff	237,471	223,995	336,198	329,231
Board of education	75,578	75,578	85,757	85,757
Administration	738,483	738,483	728,665	728,665
Fiscal	287,255	287,255	264,141	264,141
Business	5,291	5,291	-	-
Operations and maintenance	583,104	583,104	596,589	595,096
Pupil transportation	573,322	573,322	549,764	549,764
Central	17,290	12,290	16,503	16,503
Operations of non-instructional services	13,962	7,962	15,000	3,000
Food service operations	304,876	(6,204)	303,504	62,731
Extracurricular activities	355,511	229,593	372,685	298,738
Interest and fiscal charges	720,331	720,331	506,156	506,156
<b>Total expenses</b>	<b><u>\$ 8,843,198</u></b>	<b><u>\$ 7,161,811</u></b>	<b><u>\$ 8,992,316</u></b>	<b><u>\$ 7,597,591</u></b>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

The dependence upon tax and other general revenues for governmental activities is apparent, 73.91% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.99%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2005 and 2004.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$8,704,805, which is lower than last year's total of \$14,669,111. The June 30, 2004 fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Restated Fund Balance June 30, 2004	Increase (Decrease)	Percentage Change
General	\$ 400,193	\$ 2,170	\$ 398,023	18,342.07 %
Debt Service	822,127	786,143	35,984	4.58 %
Building	7,127,097	13,568,139	(6,441,042)	(47.47) %
Other Governmental	<u>355,388</u>	<u>312,659</u>	<u>42,729</u>	13.67 %
Total	<u>\$ 8,704,805</u>	<u>\$ 14,669,111</u>	<u>\$ (5,964,306)</u>	(40.66) %

**General Fund**

The District's general fund balance increased \$398,023 (after a restatement to the June 30, 2004, fund balance which is detailed in Note 3.A. to the basic financial statements). The increase in fund balance can be attributed to several items related to increasing revenues and decreased expenditures. Revenues exceed expenditures for fiscal year 2005 by \$419,747.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2005 <u>Amount</u>	2004 <u>Amount</u>	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 3,987,554	\$ 3,279,738	\$ 707,816	21.58 %
Earnings on investments	41,326	20,758	20,568	99.08 %
Intergovernmental	2,740,533	2,723,461	17,072	0.63 %
Other revenues	<u>859,198</u>	<u>782,920</u>	<u>76,278</u>	9.74 %
 Total	 <u>\$ 7,628,611</u>	 <u>\$ 6,806,877</u>	 <u>\$ 821,734</u>	 12.07 %
<b><u>Expenditures</u></b>				
Instruction	\$ 4,166,285	\$ 4,363,547	\$ (197,262)	(4.52) %
Support services	2,767,157	2,911,957	(144,800)	(4.97) %
Non-instructional services	1,962	1,000	962	96.20 %
Extracurricular activities	248,951	282,769	(33,818)	(11.96) %
Facilities acquisition and construction	39	10	29	290.00 %
Debt service	<u>24,470</u>	<u>24,470</u>	<u>-</u>	- %
 Total	 <u>\$ 7,208,864</u>	 <u>\$ 7,583,753</u>	 <u>\$ (374,889)</u>	 (4.94) %

***Debt Service Fund***

The debt service fund had \$1,051,093 in revenues and other financing sources and \$1,015,109 in expenditures. During fiscal year 2005, the debt service fund's fund balance increased \$35,984 from \$786,143 to \$822,127.

***Building Fund***

The building fund had \$252,701 in revenues and \$6,693,743 in expenditures. During fiscal year 2005, the building fund's fund balance decreased \$6,441,042 primarily due to expenditures for the building projects going on in the District.

***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 2005, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$7,388,000 and final budgeted revenues and other financing sources were \$7,550,455. Actual revenues and other financing sources for fiscal 2005 was \$7,652,613. This represents a \$102,158 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$7,557,000, which were reduced to \$7,298,299 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$7,273,182, which was \$25,117 less than the final budget appropriations.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2005, the District had \$9,390,431 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. This entire amount is reported in governmental activities. The following table shows fiscal 2005 balances compared to 2004:

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2005	2004
Land	\$ 176,390	\$ 176,390
Land improvements	160,448	170,705
Building and improvements	864,521	909,207
Furniture and equipment	131,368	150,205
Vehicles	298,587	340,629
Construction in progress	7,759,117	1,069,517
 Total	 \$ 9,390,431	 \$ 2,816,653

The overall increase in capital assets of \$6,573,778 is due to capital outlays of \$6,689,600 exceeding depreciation expense of \$115,822 in the fiscal year. The primary increase in capital outlay is a result of construction in progress.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2005, the District had \$14,333,845 in general obligation bonds, \$13,828 in capital lease obligations, \$66,204 in bus garage loans and \$73,459 in water line project payable outstanding. Of this total, \$328,464 is due within one year and \$14,158,872 is due within greater than one year. The following table summarizes the bonds, capital lease obligations, loans and water line project payable outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2005	2004
General obligation bonds	\$ 14,333,845	\$ 14,540,900
Capital lease obligations	13,828	21,283
Bus garage loans	66,204	85,125
Water line project payable	73,459	83,895
 Total	 \$ 14,487,336	 \$ 14,731,203

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The District is proud that it has been able to maintain the advantages which come from living in a positive and caring rural environment. Those advantages include strong educational programming, reasonable class sizes and well qualified teachers. Our programs have traditionally placed at or near the top of county rankings on the district report cards. Proficiency test scores continue to improve, and the high school was recognized in 2004 as 'an excellent high school' having met all twelve benchmarks. As a small district we are able to provide academic and extra curricular opportunities to our students on an individualized basis, and it is our absolute priority to see each child fulfill his or her potential.

The voters responded to the need for new facilities in fiscal year 2003, by approving the necessary millage to complete a new pre-kindergarten through eighth grade building to replace several school buildings that had been in use for more than eighty years. The new facility will be completed entirely with local funds and is expected to open in September 2006. Notes and bonds for the new building were issued during fiscal year 2004 and account for most of the outstanding debt referred to in this report. The District participates in the Ohio School Facilities Commission (OSFC) program and looks forward to the day when state matching funds will be available to add new high school facilities to the pre-kindergarten through eighth grade building.

Like most other Ohio school districts, the District has suffered as a result of reductions in state funding. In addition, the District is heavily dependent on business and inventory taxes, a revenue stream that will be phased out within the foreseeable future. More than seven teaching positions and one administrative position were eliminated at the end of fiscal year 2004 and other expenses were reduced as far as possible to allow the District to operate 'in the black' for the fiscal 2005 school year. A 1.5% tax on earned income will be considered for the February or May 2006 ballot to generate the needed operating funds. The Board of Education and administration are committed to continue to do everything possible to provide quality education to the children of the District while working with the community and the legislature to seek a long- term solution to the current funding issues.

**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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Elizabeth Anatra, Treasurer, Colonel Crawford Local School District, 2303 St. Rt. 602, P.O. Box 7, North Robinson, Ohio 44856-0007.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2005**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 10,431,637
Receivables:	
Taxes . . . . .	5,324,974
Accounts . . . . .	1,305
Intergovernmental . . . . .	72,337
Accrued interest . . . . .	5,075
Prepayments . . . . .	27,062
Materials and supplies inventory . . . . .	22,112
Unamortized bond issue costs . . . . .	205,603
Capital assets:	
Land . . . . .	176,390
Construction in progress. . . . .	7,759,117
Depreciable capital assets, net . . . . .	<u>1,454,924</u>
Capital assets, net. . . . .	<u>9,390,431</u>
 Total assets. . . . .	 <u>25,480,536</u>
 <b>Liabilities:</b>	
Accounts payable. . . . .	22,414
Contracts payable. . . . .	895,419
Accrued wages and benefits . . . . .	810,651
Pension obligation payable. . . . .	151,639
Intergovernmental payable . . . . .	30,352
Deferred revenue . . . . .	4,018,522
Accrued interest payable . . . . .	297,976
Notes payable . . . . .	647,000
Long-term liabilities:	
Due within one year. . . . .	435,593
Due within more than one year . . . . .	<u>15,025,212</u>
 Total liabilities . . . . .	 <u>22,334,778</u>
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	1,477,823
Restricted for:	
Capital projects . . . . .	855,636
Debt service. . . . .	629,250
State funded programs. . . . .	8,116
Federally funded programs . . . . .	62,928
Student activities . . . . .	8,777
Public school support . . . . .	31,810
Other purposes . . . . .	353,399
Unrestricted . . . . .	<u>(281,981)</u>
 Total net assets . . . . .	 <u><u>\$ 3,145,758</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 3,550,755	\$ 820,196	\$ 34,745	\$ 8,820	\$ (2,686,994)
Special . . . . .	982,476	-	320,643	-	(661,833)
Vocational . . . . .	6,401	-	-	-	(6,401)
Support services:					
Pupil . . . . .	391,092	-	35,509	-	(355,583)
Instructional staff . . . . .	237,471	-	13,476	-	(223,995)
Board of education . . . . .	75,578	-	-	-	(75,578)
Administration . . . . .	738,483	-	-	-	(738,483)
Fiscal . . . . .	287,255	-	-	-	(287,255)
Business . . . . .	5,291	-	-	-	(5,291)
Operations and maintenance . . . . .	583,104	-	-	-	(583,104)
Pupil transportation . . . . .	573,322	-	-	-	(573,322)
Central . . . . .	17,290	-	5,000	-	(12,290)
Operation of non-instructional services:					
Other non-instructional services . . . . .	13,962	-	6,000	-	(7,962)
Food service operations . . . . .	304,876	241,072	70,008	-	6,204
Extracurricular activities . . . . .	355,511	104,900	21,018	-	(229,593)
Interest and fiscal charges . . . . .	720,331	-	-	-	(720,331)
<b>Total governmental activities . . . . .</b>	<b>\$ 8,843,198</b>	<b>\$ 1,166,168</b>	<b>\$ 506,399</b>	<b>\$ 8,820</b>	<b>(7,161,811)</b>

**General Revenues:**

Property taxes levied for:

General purposes . . . . .	4,017,714
Debt service . . . . .	944,338
Grants and entitlements not restricted to specific programs . . . . .	2,830,319
Investment earnings . . . . .	271,542
Miscellaneous . . . . .	9,462
<b>Total general revenues . . . . .</b>	<b>8,073,375</b>

Change in net assets . . . . . 911,564

**Net assets at beginning of year . . . . .** 2,234,194

**Net assets at end of year . . . . .** \$ 3,145,758

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 524,471	\$ 570,526	\$ 8,680,437	\$ 414,518	\$ 10,189,952
Receivables:					
Taxes. . . . .	4,303,940	1,021,034	-	-	5,324,974
Accounts . . . . .	1,305	-	-	-	1,305
Intergovernmental . . . . .	-	-	-	72,337	72,337
Accrued interest . . . . .	-	-	5,075	-	5,075
Loans to other funds . . . . .	803	-	-	-	803
Prepayments . . . . .	22,706	-	4,356	-	27,062
Materials and supplies inventory . . . . .	20,767	-	-	1,345	22,112
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	241,685	-	-	-	241,685
<b>Total assets . . . . .</b>	<u>\$ 5,115,677</u>	<u>\$ 1,591,560</u>	<u>\$ 8,689,868</u>	<u>\$ 488,200</u>	<u>\$ 15,885,305</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 1,746	\$ -	\$ 16,807	\$ 3,861	\$ 22,414
Contracts payable . . . . .	-	-	895,419	-	895,419
Accrued wages and benefits . . . . .	722,304	-	-	88,347	810,651
Compensated absences payable . . . . .	50,941	-	-	6,087	57,028
Accrued interest payable . . . . .	-	-	3,545	-	3,545
Pension obligation payable. . . . .	130,841	-	-	20,798	151,639
Intergovernmental payable. . . . .	28,589	-	-	1,763	30,352
Notes payable. . . . .	-	-	647,000	-	647,000
Loans from other funds . . . . .	-	-	-	803	803
Deferred revenue. . . . .	3,781,063	769,433	-	11,153	4,561,649
<b>Total liabilities . . . . .</b>	<u>4,715,484</u>	<u>769,433</u>	<u>1,562,771</u>	<u>132,812</u>	<u>7,180,500</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	45,642	-	6,232,291	7,273	6,285,206
Reserved for materials and supplies inventory. . . . .	20,767	-	-	1,345	22,112
Reserved for prepayments . . . . .	22,706	-	4,356	-	27,062
Reserved for property tax unavailable for appropriation . . . . .	522,877	251,601	-	-	774,478
Reserved for internal loans . . . . .	618	-	-	-	618
Reserved for textbooks. . . . .	241,685	-	-	-	241,685
Reserved for debt service. . . . .	-	570,526	-	-	570,526
Unreserved:					
Designated for termination benefits. . . . .	-	-	-	99,500	99,500
Unreserved, undesignated (deficit), reported in:					
General fund . . . . .	(454,102)	-	-	-	(454,102)
Special revenue funds . . . . .	-	-	-	62,848	62,848
Capital projects funds . . . . .	-	-	890,450	184,422	1,074,872
<b>Total fund balances . . . . .</b>	<u>400,193</u>	<u>822,127</u>	<u>7,127,097</u>	<u>355,388</u>	<u>8,704,805</u>
<b>Total liabilities and fund balances . . . . .</b>	<u>\$ 5,115,677</u>	<u>\$ 1,591,560</u>	<u>\$ 8,689,868</u>	<u>\$ 488,200</u>	<u>\$ 15,885,305</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2005**

<b>Total governmental fund balances</b>		<b>\$ 8,704,805</b>
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,390,431
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 531,974	
Intergovernmental revenue	<u>11,153</u>	
Total		543,127
In the statement of activities interest is accrued on outstanding notes, whereas in the governmental funds, interest expenditures are reported when due		(294,431)
Unamortized bond issuance costs are not recognized in the funds.		205,603
Unamortized premiums on bond issuance is not recognized in the funds.		(408,503)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(507,938)	
Loans payable	(139,663)	
Capital lease payable	(13,828)	
General obligation bonds payable	<u>(14,333,845)</u>	
Total		<u>(14,995,274)</u>
<b>Net assets of governmental activities</b>		<b><u><u>\$ 3,145,758</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 3,987,554	\$ 933,034	\$ -	\$ -	\$ 4,920,588
Tuition . . . . .	725,912	-	-	-	725,912
Charges for services . . . . .	-	-	-	241,072	241,072
Earnings on investments . . . . .	41,326	6,549	252,701	-	300,576
Extracurricular . . . . .	31,000	-	-	73,900	104,900
Classroom materials and fees . . . . .	43,136	-	-	1,460	44,596
Other local revenues . . . . .	54,100	-	-	21,138	75,238
Other revenue . . . . .	5,050	-	-	-	5,050
Intergovernmental - Intermediate . . . . .	3,800	-	-	-	3,800
Intergovernmental - State . . . . .	2,736,733	89,786	-	65,594	2,892,113
Intergovernmental - Federal . . . . .	-	-	-	417,334	417,334
Total revenue . . . . .	<u>7,628,611</u>	<u>1,029,369</u>	<u>252,701</u>	<u>820,498</u>	<u>9,731,179</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	3,455,068	-	-	46,144	3,501,212
Special . . . . .	711,217	-	-	261,442	972,659
Support services:					
Pupil . . . . .	353,259	-	-	36,695	389,954
Instructional staff . . . . .	208,790	-	-	18,923	227,713
Board of education . . . . .	75,244	-	-	-	75,244
Administration . . . . .	732,529	-	-	122	732,651
Fiscal . . . . .	270,831	16,536	-	-	287,367
Business . . . . .	5,291	-	-	-	5,291
Operations and maintenance . . . . .	569,718	-	-	-	569,718
Pupil transportation . . . . .	538,253	-	-	-	538,253
Central . . . . .	13,242	-	-	4,048	17,290
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	305,702	305,702
Other non-instructional services . . . . .	1,962	-	-	12,000	13,962
Extracurricular activities . . . . .	248,951	-	-	92,693	341,644
Facilities acquisition and construction . . . . .	39	-	6,690,198	-	6,690,237
Debt service:					
Principal retirement . . . . .	17,891	303,921	-	-	321,812
Interest and fiscal charges . . . . .	6,579	694,652	3,545	-	704,776
Total expenditures . . . . .	<u>7,208,864</u>	<u>1,015,109</u>	<u>6,693,743</u>	<u>777,769</u>	<u>15,695,485</u>
Excess of revenues over (under) expenditures . . . . .	<u>419,747</u>	<u>14,260</u>	<u>(6,441,042)</u>	<u>42,729</u>	<u>(5,964,306)</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	21,724	-	-	21,724
Transfers (out) . . . . .	<u>(21,724)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,724)</u>
Total other financing sources (uses) . . . . .	<u>(21,724)</u>	<u>21,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	398,023	35,984	(6,441,042)	42,729	(5,964,306)
<b>Fund balances at beginning of year</b>					
(restated, see note 3) . . . . .	2,170	786,143	13,568,139	312,659	14,669,111
<b>Fund balances at end of year . . . . .</b>	<u>\$ 400,193</u>	<u>\$ 822,127</u>	<u>\$ 7,127,097</u>	<u>\$ 355,388</u>	<u>\$ 8,704,805</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Net change in fund balances - total governmental funds** **\$ (5,964,306)**

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.

Capital asset additions	\$ 6,689,600	
Current year depreciation	<u>(115,822)</u>	
Total		6,573,778

Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 15,415

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (7,759)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	41,464	
Intergovernmental	11,153	
Interest	<u>(29,034)</u>	
Total		23,583

Repayment of bonds, loans, and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 321,812

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the accrued interest on bonds and additional accumulated accreted interest on the capital appreciation bonds. (23,211)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (27,748)

**Change in net assets of governmental activities** **\$ 911,564**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 4,122,560	\$ 3,969,315	\$ 4,002,463	\$ 33,148
Tuition. . . . .	707,135	775,500	725,912	(49,588)
Earnings on investments. . . . .	13,678	15,000	41,326	26,326
Extracurricular. . . . .	9,118	10,000	31,000	21,000
Classroom materials and fees . . . . .	38,024	41,700	43,313	1,613
Other local revenues . . . . .	35,781	39,240	53,592	14,352
Intergovernmental - Intermediate. . . . .	1,824	2,000	3,800	1,800
Intergovernmental - State . . . . .	2,459,606	2,697,400	2,746,157	48,757
Total revenue . . . . .	<u>7,387,726</u>	<u>7,550,155</u>	<u>7,647,563</u>	<u>97,408</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,622,043	3,424,758	3,458,208	(33,450)
Special. . . . .	694,479	695,179	732,222	(37,043)
Support services:				
Pupil. . . . .	365,382	364,422	362,211	2,211
Instructional staff . . . . .	235,805	230,455	224,982	5,473
Board of education . . . . .	103,905	100,605	82,103	18,502
Administration. . . . .	752,655	744,355	736,698	7,657
Fiscal . . . . .	257,555	279,215	271,033	8,182
Business . . . . .	-	-	591	(591)
Operations and maintenance. . . . .	585,608	589,637	579,881	9,756
Pupil transportation . . . . .	618,148	560,653	527,063	33,590
Central . . . . .	26,600	14,600	13,242	1,358
Operation of non-instructional	1,500	2,100	1,962	138
Extracurricular activities. . . . .	256,670	255,670	245,642	10,028
Facilities acquisition and construction. . . . .	15,650	15,650	15,620	30
Total expenditures . . . . .	<u>7,536,000</u>	<u>7,277,299</u>	<u>7,251,458</u>	<u>25,841</u>
Excess of revenues under				
expenditures. . . . .	<u>(148,274)</u>	<u>272,856</u>	<u>396,105</u>	<u>123,249</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure. . . . .	274	300	1,229	929
Transfers (out) . . . . .	(21,000)	(21,000)	(21,724)	(724)
Sale of capital assets. . . . .	-	-	3,821	3,821
Total other financing sources (uses) . . . . .	<u>(20,726)</u>	<u>(20,700)</u>	<u>(16,674)</u>	<u>4,026</u>
Net change in fund balance . . . . .	(169,000)	252,156	379,431	127,275
<b>Fund balance at beginning of year. . . . .</b>	317,248	317,248	317,248	-
<b>Prior year encumbrances appropriated . . . . .</b>	22,421	22,421	22,421	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 170,669</u>	<u>\$ 591,825</u>	<u>\$ 719,100</u>	<u>\$ 127,275</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF FIDUCIARY ASSETS & LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2005**

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 38,324
	38,324
Total assets. . . . .	38,324
<b>Liabilities:</b>	
Due to students . . . . .	38,324
	38,324
Total liabilities . . . . .	\$ 38,324

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The Colonel Crawford Local School District (the "District") is located in Crawford County and encompasses all or parts of five towns and villages. The District serves an area of approximately 120 square miles.

The District was established in 1961 through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Articles VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 494<sup>th</sup> largest by enrollment among the 614 public school districts in the state, and 4<sup>th</sup> largest in Crawford County. It currently operates 2 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 41 non-certified and 77 certified employees to provide services to 1,000 students in grades K through 12 and various community groups.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". When applying GASB Statement No. 14 and GASB Statement No. 39, management has considered all potential component units.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the District's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

*JOINT VENTURE*

North Central Ohio Computer Cooperative (NCOCC)

The NCOCC is a joint venture among 21 school districts and 3 county educational service centers. The joint venture was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the governments of these schools supports NCOCC based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contributions. NCOCC is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have an equity interest in NCOCC because the residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest.

The District also participates in 2 insurance group purchasing pools, described in Note 12.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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 for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and notes payable.

Building Fund - This fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; and (b) for grants and other resources whose use is restricted to a particular purpose.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Agency funds do not report a measurement focus as they do not report operations.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, grants, and student fees.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operation, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, is not recognized in governmental funds.

**E. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds, except agency funds. The specific timetable for fiscal year 2005 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2005.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either increased, decreased, or reallocated the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2005, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

During fiscal year 2005, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$41,326, which includes \$18,390 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

**H. Capital Assets**

All of the District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 15 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from interfund loans are classified as "loans to/from other funds." These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

**J. Compensated Absences**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2005, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2005, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bond and capital leases are recognized as liabilities on the fund financial statements when due.

**L. Fund Balance Reserves and Designation**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax revenue unavailable for appropriation, debt service, internal loans, and textbooks. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute. The designation for termination benefits represents monies set aside by the Board of Education for future payments of those benefits.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a textbook reserve. This reserve is required by state statute. A schedule of statutory reserves is presented in Note 17.

**Q. Interfund Activity**

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.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the District, however an additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2004	\$ 49,936	\$ 786,143	\$ 13,568,139	\$ 324,465	\$ 14,728,683
GASB Technical Bulletin No. 2004-2	<u>(47,766)</u>	<u>-</u>	<u>-</u>	<u>(11,806)</u>	<u>(59,572)</u>
Restated Fund Balance, June 30, 2004	<u>\$ 2,170</u>	<u>\$ 786,143</u>	<u>\$ 13,568,139</u>	<u>\$ 312,659</u>	<u>\$ 14,669,111</u>

**B. Deficit Fund Balances**

Fund balances at June 30, 2005 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 27,873
SchoolNet Professional Development	5
Ohio Reads	1,134

The Food Service and Professional Development funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**4. DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim moneys 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.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**A. Cash on Hand**

At year-end, the District had \$500 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2005, the carrying amount of all District deposits was \$1,838,716. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$1,968,973 of the District's bank balance of \$2,188,915 was exposed to custodial risk as discussed below, while \$219,942 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**C. Investments**

As of June 30, 2005, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities 6 months or less</u>
FNMA	\$ 503,494	\$ 503,494
FHLMC	503,568	503,568
STAR Ohio	<u>7,623,683</u>	<u>7,623,683</u>
	<u>\$ 8,630,745</u>	<u>\$ 8,630,745</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

The weighted average maturity of investments is .12 years.

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

*Credit Risk:* The District's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAA money market rating.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
FHLMC	\$ 503,568	5.83
FNMA	503,494	5.84
Star Ohio	<u>7,623,683</u>	<u>88.33</u>
	<u>\$ 8,630,745</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 1,838,716
Investments	8,630,745
Cash on hand	<u>500</u>
Total	<u>\$ 10,469,961</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 10,431,637
Agency funds	<u>38,324</u>
Total	<u>\$ 10,469,961</u>

**5. INTERFUND TRANSACTIONS**

**A.** Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

Transfers to Debt Service Fund from:	
General Fund	\$ 21,724

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**5. INTERFUND TRANSACTIONS - (Continued)**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

- B.** Interfund balances at June 30, 2005, as reported on the fund statements, consist of the following long-term loans to other funds.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 618

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2005 are reported on the statement of net assets.

- C.** Interfund balances at June 30, 2005, as reported on the fund statements, consist of the following short-term loans to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 185

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2005 are reported on the statement of net assets.

**6. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**6. PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005 was \$522,877 in the general fund and \$251,601 in the debt service fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2004 was \$537,786 in the general fund and \$251,426 in the debt service fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**6. PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 92,985,720	74.06	\$ 95,028,310	73.22
Public utility personal	4,648,110	3.70	4,748,800	3.66
Tangible personal property	<u>27,920,826</u>	<u>22.24</u>	<u>30,003,041</u>	<u>23.12</u>
Total	<u>\$ 125,554,656</u>	<u>100.00</u>	<u>\$ 129,780,151</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation	 \$ 49.60		 \$ 57.19	

**7. RECEIVABLES**

Receivables at June 30, 2005 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

**Governmental Activities:**

Taxes	\$ 5,324,974
Accounts	1,305
Intergovernmental	72,337
Accrued interest	<u>5,075</u>
Total	<u>\$ 5,403,691</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within one year.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**8. CAPITAL ASSETS**

**A.** Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Balance 06/30/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/05</u>
<i>Governmental Activities</i>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 176,390	\$ -	\$ -	\$ 176,390
Construction in progress	<u>1,069,517</u>	<u>6,689,600</u>	<u>-</u>	<u>7,759,117</u>
Total capital assets, not being depreciated	<u>1,245,907</u>	<u>6,689,600</u>	<u>-</u>	<u>7,935,507</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	651,748	-	-	651,748
Buildings and improvements	2,646,778	-	-	2,646,778
Furniture and equipment	327,079	-	-	327,079
Vehicles	<u>792,134</u>	<u>-</u>	<u>-</u>	<u>792,134</u>
Total capital assets, being depreciated	<u>4,417,739</u>	<u>-</u>	<u>-</u>	<u>4,417,739</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(481,043)	(10,257)	-	(491,300)
Buildings and improvements	(1,737,571)	(44,686)	-	(1,782,257)
Furniture and equipment	(176,874)	(18,837)	-	(195,711)
Vehicles	<u>(451,505)</u>	<u>(42,042)</u>	<u>-</u>	<u>(493,547)</u>
Total accumulated depreciation	<u>(2,846,993)</u>	<u>(115,822)</u>	<u>-</u>	<u>(2,962,815)</u>
Governmental activities capital assets, net	<u>\$ 2,816,653</u>	<u>\$ 6,573,778</u>	<u>\$ -</u>	<u>\$ 9,390,431</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 31,718
Special	2,463
Vocational	6,401
<u>Support Services:</u>	
Pupil	1,008
Instructional staff	1,922
Board of Education	334
Administration	697
Fiscal	334
Operations and maintenance	8,789
Pupil transportation	45,665
Extracurricular activities	13,727
Food service operations	<u>2,764</u>
Total depreciation expense	<u>\$ 115,822</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**9. CAPITAL LEASE - LESSEE DISCLOSURE**

In prior years, the District entered into a capitalized lease for copier equipment. This lease agreement met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$ 30,545. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2005 totaled \$7,455 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2005:

<u>Fiscal Year Ending June 30.</u>	<u>Amount</u>
2006	\$ 8,889
2007	<u>5,926</u>
Total minimum lease payments	14,815
Less amount representing interest	<u>(987)</u>
Total	<u>\$ 13,828</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**10. LONG-TERM OBLIGATIONS**

- A.** During fiscal year 2005, the following changes occurred in governmental activities long-term obligations:

	Interest Rate	Balance Outstanding 06/30/04	Additions	Reductions	Balance Outstanding 06/30/05	Amounts Due in One Year
<b>Governmental Activities:</b>						
<b>General Obligation Bonds:</b>						
School improvements bonds	2%-5%	\$ 13,940,000	\$ -	\$ (285,000)	\$ 13,655,000	\$ 290,000
Capital appreciation bonds	12.18%	560,000	-	-	560,000	-
Accreted interest		40,900	77,945	-	118,845	-
Total general obligation bonds payable		<u>\$ 14,540,900</u>	<u>\$ 77,945</u>	<u>\$ (285,000)</u>	<u>\$ 14,333,845</u>	<u>\$ 290,000</u>
<b>Other Long-Term Obligations:</b>						
Capital lease obligation		\$ 21,283	\$ -	\$ (7,455)	\$ 13,828	\$ 8,072
Bus garage loan payable		85,125	-	(18,921)	66,204	19,330
Water line project payable		83,895	-	(10,436)	73,459	11,062
Compensated absences		483,606	128,687	(47,327)	564,966	107,129
Total other long-term obligations		<u>\$ 673,909</u>	<u>\$ 128,687</u>	<u>\$ (84,139)</u>	<u>\$ 718,457</u>	<u>\$ 145,593</u>
Total governmental activities		\$ 15,214,809	<u>\$ 206,632</u>	<u>\$ (369,139)</u>	15,052,302	<u>\$ 435,593</u>
Add: Unamortized premium on bond issue		423,918			408,503	
Total on statement of net assets		<u>\$ 15,638,727</u>			<u>\$ 15,460,805</u>	

- B.** Waterline Project - The District entered into an agreement with the Crawford County Commissioners on November 19, 1996 regarding costs for a water system improvement project in Sewer District No. 2. Under this agreement, the District will pay \$159,584 over a period of fifteen years in return for exemption from tap-in charges. Interest on this obligation will be calculated at a rate indexed to the rate of interest paid by the Crawford County Commissioners on its debt arising from this project. During fiscal year 2005, the District made \$10,436 in principal payments and \$5,145 in interest payments on this obligation. Principal and interest payments are reported in the District's general fund. The remaining principal obligation at June 30, 2005 reported in the statement of net assets is \$73,459.
- C.** Bus Garage Loan - The District entered into a bus garage lease purchase agreement on September 10, 1998. Interest on this loan is a variable rate calculated at 75% of the Prime Rate in effect as of the first day of each month. During fiscal year 2005, the District made \$18,921 in principal payments and \$2,803 in interest payments on this obligation. Principal and interest payments are reported in the District's debt service fund. The remaining principal obligation at June 30, 2005 reported in the statement of net assets is \$66,204.
- D.** During fiscal year 2004, the District issued \$14,500,000 in general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**10. LONG-TERM OBLIGATIONS - (Continued)**

This issue is comprised of both current interest bonds, par value \$13,940,000, and capital appreciation bonds, par value \$560,000. The interest rates on the current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds mature on January 15, 2015 (effective interest 4.35%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. A total of \$118,845 in accreted interest on the capital appreciation bonds has been included in the Statement of Net Assets at June 30, 2005.

Interest payments on the current interest bonds are due on January 15 and July 15 of each year. The final maturity stated in the issue is July 15, 2024.

The following is a summary of the future debt requirements to maturity for the general obligation bonds:

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 290,000	\$ 587,314	\$ 877,314	\$ -	\$ -	\$ -
2007	295,000	581,514	876,514	-	-	-
2008	340,000	575,466	915,466	-	-	-
2009	345,000	567,136	912,136	-	-	-
2010	355,000	557,649	912,649	-	-	-
2011 - 2015	410,000	2,679,166	3,089,166	1,745,000	-	1,745,000
2016 - 2020	2,540,000	2,464,934	5,004,934	-	-	-
2021 - 2025	3,170,000	1,857,098	5,027,098	-	-	-
2026 - 2030	4,015,000	1,040,012	5,055,012	-	-	-
2031 - 2032	1,895,000	136,089	2,031,089	-	-	-
Total	<u>\$ 13,655,000</u>	<u>\$ 11,046,378</u>	<u>\$ 24,701,378</u>	<u>\$ 1,745,000</u>	<u>\$ -</u>	<u>\$ 1,745,000</u>

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2005 are a voted debt margin of \$12,502,341 (including available funds of \$822,127) and an unvoted debt margin of \$129,780.

The District has been assigned as an "approved special needs school district" by the Ohio Superintendent of Public Instruction. As a result, the portion of the general obligation bonds issued in fiscal 2004 in excess of the debt limitation is exempted from that limitation pursuant to Revised Code Section 133.06(D)(2).

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**11. NOTES PAYABLE**

On May 11, 2005, the District issued \$647,000 of notes, in anticipation of the issuance of bonds, for the purpose of constructing, furnishing and equipping a new elementary and middle school building for students in preschool through eighth grade, and renovating, remodeling, adding to, furnishing, equipping and otherwise improving existing District buildings and facilities and their site, to create a central campus for the District. This \$647,000 represents the remainder of the \$15,147,000 bond levy approved by the voters on May 6, 2003. The \$14,500,000 bonds were issued in November 2003. The notes bear an interest rate of 4.000% and have a maturity date of May 10, 2006. The notes are backed by the full faith and credit of the District.

**12. RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District contracts with Ohio School Plan for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate, along with a \$1,000,000 umbrella for uninsured motorists. Property is protected by Cincinnati Insurance Company and holds a \$2,500 deductible. Real property and contents are 100% coinsured.

The bus fleet and maintenance vehicles are also insured through Ohio School Plan and hold a \$1,000 collision deductible for buses and \$500 for other autos, a \$1,000 comprehensive deductible for buses and \$250 for other autos, and a \$3,000,000 limit per occurrence.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2004.

**B. Employee Health Insurance**

In January 1995, the District joined together with two other school districts in the state to form the Wyandot Crawford Health Benefit Plan (WCHBP), a public entity risk pool currently operating as a common risk management and insurance program. The WCHBP now includes five school districts. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**12. RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

For fiscal year 2005, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. 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 GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**13. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$115,479, \$128,726, and \$124,564, respectively; 47.98% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$60,072 represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**13. DEFINED BENEFIT PENSION PLANS - (Continued)**

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$477,660, \$498,380 and \$517,072, respectively; 84.33% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$74,848 represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal 2005 were \$299 made by the District and \$285 made by plan members.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**13. DEFINED BENEFIT PENSION PLANS - (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**14. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$34,119 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$42,147 during the 2005 fiscal year.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**15. BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ 379,431
Net adjustment for revenue accruals	(18,952)
Net adjustment for expenditure accruals	(4,647)
Net adjustment for other sources/uses	(5,050)
Adjustment for encumbrances	<u>47,241</u>
GAAP basis	<u>\$ 398,023</u>

**16. CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2005.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**16. CONTINGENCIES - (Continued)**

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**17. STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2004	\$ 147,346	\$ (705,678)
Current year set-aside requirement	134,316	134,316
Current year offsets	-	-
Qualifying disbursements	<u>(39,977)</u>	<u>(6,070,071)</u>
 Total	 <u>\$ 241,685</u>	 <u>\$ (6,641,433)</u>
 Cash balance carried forward to FY 2006	 <u>\$ 241,685</u>	 <u>\$ (6,641,433)</u>

A schedule of the restricted assets at June 30, 2005 follows:

Amounts restricted for textbooks	<u>\$ 241,685</u>
Total restricted assets	<u>\$ 241,685</u>

**18. CONTRACTUAL COMMITMENTS**

As of June 30, 2005, the District had the following contractual commitments outstanding related to the Construction Project described in Note 10.D. A summary of the primary contractual commitments follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid Through June 30, 2005</u>	<u>Remaining Contract Amount</u>
Adena	\$ 6,739,231	\$ (3,271,957)	\$ 3,467,274
Custom Fabricators	324,500	-	324,500
Data Cabling Systems	119,536	(10,258)	109,278
Universal Refrigeration	2,159,686	(690,921)	1,468,765
Vaugh Industries	1,600,548	(496,623)	1,103,925
Vulcan Fire Protection	182,329	(50,487)	131,842
Wasserstrom Company	280,435	(153,846)	126,589
MJ Brown	174,475	-	174,475
Total	<u>\$ 11,580,740</u>	<u>\$ (4,674,092)</u>	<u>\$ 6,906,648</u>



**Auditor of State  
Betty Montgomery**

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

Colonel Crawford Local School District  
Crawford County  
2303 State Route 602  
North Robinson, Ohio 44856

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

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Colonel Crawford Local School District  
Crawford County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the finance committee, management and the Board of Education. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

November 17, 2005



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 27, 2005**