



**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 general purpose financial statements of the Colonel Crawford Local School District, Crawford County, Ohio, (the District) as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type 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 October 22, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery  
Auditor of State**

October 22, 2003

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2003

|   | Governmental Fund Types |                    |                   |                     |
|---|-------------------------|--------------------|-------------------|---------------------|
|   | General                 | Special<br>Revenue | Debt<br>Service   | Capital<br>Projects |
| <b>ASSETS AND OTHER DEBITS</b>  |                         |                    |                   |                     |
| <b>ASSETS:</b>  |                         |                    |                   |                     |
| Equity in pooled cash and cash equivalents . . . . .  | \$ 483,971              | \$ 215,260         | \$ 5,845          | \$ 175,645          |
| Receivables (net of allowances of uncollectibles):  |                         |                    |                   |                     |
| Property taxes - current & delinquent . . . . .   | 3,926,531               | -                  | 400,000           | -                   |
| Accounts . . . . .  | 2,119                   | -                  | -                 | -                   |
| Advances to other funds . . . . .   | 618                     | -                  | -                 | -                   |
| Due from other governments . . . . .  | 7,799                   | 38,744             | -                 | -                   |
| Materials and supplies inventory . . . . .  | 13,620                  | -                  | -                 | -                   |
| Prepayments . . . . .   | 17,482                  | -                  | -                 | -                   |
| Restricted assets:  |                         |                    |                   |                     |
| Equity in pooled cash and cash equivalents . . . . .  | 172,629                 | -                  | -                 | -                   |
| Property, plant and equipment (net of accumulated<br>depreciation where applicable) . . . . . | -                       | -                  | -                 | -                   |
| <b>OTHER DEBITS:</b>  |                         |                    |                   |                     |
| Amount available in debt service fund . . . . .   | -                       | -                  | -                 | -                   |
| Amount to be provided for retirement of<br>general long-term obligations . . . . .            | -                       | -                  | -                 | -                   |
| <b>Total assets and other debits . . . . .</b>  | <b>\$ 4,624,769</b>     | <b>\$ 254,004</b>  | <b>\$ 405,845</b> | <b>\$ 175,645</b>   |
| <b>LIABILITIES, EQUITY AND OTHER CREDITS</b>  |                         |                    |                   |                     |
| <b>LIABILITIES:</b>   |                         |                    |                   |                     |
| Accounts payable . . . . .  | \$ 5,779                | \$ -               | \$ -              | \$ -                |
| Accrued wages and benefits . . . . .  | 734,504                 | 19,405             | -                 | -                   |
| Compensated absences payable . . . . .  | 43,097                  | -                  | -                 | -                   |
| Pension obligation payable . . . . .  | 104,592                 | 1,862              | -                 | -                   |
| Due to other governments . . . . .  | 39,665                  | 778                | -                 | -                   |
| Advances from other funds . . . . .   | -                       | 618                | -                 | -                   |
| Deferred revenue . . . . .  | 2,932,288               | -                  | 400,000           | -                   |
| Due to students . . . . .   | -                       | -                  | -                 | -                   |
| Capital lease obligation payable . . . . .  | -                       | -                  | -                 | -                   |
| Waterline project payable . . . . .   | -                       | -                  | -                 | -                   |
| Bus garage loan payable . . . . .   | -                       | -                  | -                 | -                   |
| <b>Total liabilities . . . . .</b>  | <b>3,859,925</b>        | <b>22,663</b>      | <b>400,000</b>    | <b>-</b>            |
| <b>EQUITY AND OTHER CREDITS:</b>  |                         |                    |                   |                     |
| Investment in general fixed assets . . . . .  | -                       | -                  | -                 | -                   |
| Accumulated deficit . . . . .   | -                       | -                  | -                 | -                   |
| Fund balances (deficit):  |                         |                    |                   |                     |
| Designated for budget stabilization . . . . .   | 106,296                 | -                  | -                 | -                   |
| Designated for termination benefits . . . . .   | -                       | 99,500             | -                 | -                   |
| Reserved for encumbrances . . . . .   | 37,162                  | 2,556              | -                 | -                   |
| Reserved for materials and supplies inventory . . . . .                                       | 13,620                  | -                  | -                 | -                   |
| Reserved for advances . . . . .   | 618                     | -                  | -                 | -                   |
| Reserved for prepayments . . . . .  | 17,482                  | -                  | -                 | -                   |
| Reserved for debt service . . . . .   | -                       | -                  | 5,845             | -                   |
| Reserved for tax revenue unavailable for appropriation . . . . .                              | 994,243                 | -                  | -                 | -                   |
| Reserved for budget stabilization . . . . .   | 51,002                  | -                  | -                 | -                   |
| Reserved for capital maintenance . . . . .  | 42,894                  | -                  | -                 | -                   |
| Reserved for textbooks . . . . .  | 78,733                  | -                  | -                 | -                   |
| Unreserved-undesignated . . . . .   | (577,206)               | 129,285            | -                 | 175,645             |
| <b>Total equity and other credits . . . . .</b>   | <b>764,844</b>          | <b>231,341</b>     | <b>5,845</b>      | <b>175,645</b>      |
| <b>Total liabilities, equity and other credits . . . . .</b>                                  | <b>\$ 4,624,769</b>     | <b>\$ 254,004</b>  | <b>\$ 405,845</b> | <b>\$ 175,645</b>   |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



| Proprietary<br>Fund Type | Fiduciary<br>Fund Type | Account Groups             |                                     | Total<br>(Memorandum<br>Only) |
|--------------------------|------------------------|----------------------------|-------------------------------------|-------------------------------|
|                          |                        | General<br>Fixed<br>Assets | General<br>Long-Term<br>Obligations |                               |
| Enterprise               | Agency                 |                            |                                     |                               |
| \$ 2,399                 | \$ 35,765              | \$ -                       | \$ -                                | \$ 918,885                    |
| -                        | -                      | -                          | -                                   | 4,326,531                     |
| -                        | -                      | -                          | -                                   | 2,119                         |
| -                        | -                      | -                          | -                                   | 618                           |
| 5,969                    | -                      | -                          | -                                   | 52,512                        |
| 1,815                    | -                      | -                          | -                                   | 15,435                        |
| -                        | -                      | -                          | -                                   | 17,482                        |
| -                        | -                      | -                          | -                                   | 172,629                       |
| 8,187                    | -                      | 5,637,201                  | -                                   | 5,645,388                     |
| -                        | -                      | -                          | 5,845                               | 5,845                         |
| -                        | -                      | -                          | 663,788                             | 663,788                       |
| <u>\$ 18,370</u>         | <u>\$ 35,765</u>       | <u>\$ 5,637,201</u>        | <u>\$ 669,633</u>                   | <u>\$ 11,821,232</u>          |
| \$ -                     | \$ -                   | \$ -                       | \$ -                                | \$ 5,779                      |
| 26,445                   | -                      | -                          | -                                   | 780,354                       |
| 11,648                   | -                      | -                          | 402,279                             | 457,024                       |
| 11,330                   | -                      | -                          | 41,849                              | 159,633                       |
| 1,004                    | -                      | -                          | -                                   | 41,447                        |
| -                        | -                      | -                          | -                                   | 618                           |
| -                        | -                      | -                          | -                                   | 3,332,288                     |
| -                        | 35,765                 | -                          | -                                   | 35,765                        |
| -                        | -                      | -                          | 28,167                              | 28,167                        |
| -                        | -                      | -                          | 93,740                              | 93,740                        |
| -                        | -                      | -                          | 103,598                             | 103,598                       |
| <u>50,427</u>            | <u>35,765</u>          | <u>-</u>                   | <u>669,633</u>                      | <u>5,038,413</u>              |
| -                        | -                      | 5,637,201                  | -                                   | 5,637,201                     |
| (32,057)                 | -                      | -                          | -                                   | (32,057)                      |
| -                        | -                      | -                          | -                                   | 106,296                       |
| -                        | -                      | -                          | -                                   | 99,500                        |
| -                        | -                      | -                          | -                                   | 39,718                        |
| -                        | -                      | -                          | -                                   | 13,620                        |
| -                        | -                      | -                          | -                                   | 618                           |
| -                        | -                      | -                          | -                                   | 17,482                        |
| -                        | -                      | -                          | -                                   | 5,845                         |
| -                        | -                      | -                          | -                                   | 994,243                       |
| -                        | -                      | -                          | -                                   | 51,002                        |
| -                        | -                      | -                          | -                                   | 42,894                        |
| -                        | -                      | -                          | -                                   | 78,733                        |
| -                        | -                      | -                          | -                                   | (272,276)                     |
| <u>(32,057)</u>          | <u>-</u>               | <u>5,637,201</u>           | <u>-</u>                            | <u>6,782,819</u>              |
| <u>\$ 18,370</u>         | <u>\$ 35,765</u>       | <u>\$ 5,637,201</u>        | <u>\$ 669,633</u>                   | <u>\$ 11,821,232</u>          |

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

|  | Governmental Fund Types  |                          |                        |                          | Total<br>(Memorandum<br>Only) |
|--|--------------------------|--------------------------|------------------------|--------------------------|-------------------------------|
|  | General                  | Special<br>Revenue       | Debt<br>Service        | Capital<br>Projects      |                               |
| <b>Revenues:</b>   |                          |                          |                        |                          |                               |
| From local sources:  |                          |                          |                        |                          |                               |
| Taxes . . . . .  | \$ 3,769,880             | \$ -                     | \$ -                   | \$ -                     | \$ 3,769,880                  |
| Tuition . . . . .  | 218,565                  | -                        | -                      | -                        | 218,565                       |
| Earnings on investments . . . . .  | 29,519                   | -                        | -                      | -                        | 29,519                        |
| Extracurricular . . . . .  | -                        | 67,285                   | -                      | -                        | 67,285                        |
| Other local revenues . . . . .   | 62,019                   | 19,017                   | -                      | 1,458                    | 82,494                        |
| Other revenue . . . . .  | 4,742                    | -                        | -                      | -                        | 4,742                         |
| Intergovernmental - State . . . . .  | 2,988,473                | 53,362                   | -                      | 16,331                   | 3,058,166                     |
| Intergovernmental - Federal . . . . .  | -                        | 223,148                  | -                      | -                        | 223,148                       |
| <b>Total revenue . . . . .</b>   | <b><u>7,073,198</u></b>  | <b><u>362,812</u></b>    | <b><u>-</u></b>        | <b><u>17,789</u></b>     | <b><u>7,453,799</u></b>       |
| <b>Expenditures:</b>   |                          |                          |                        |                          |                               |
| Current:   |                          |                          |                        |                          |                               |
| Instruction:   |                          |                          |                        |                          |                               |
| Regular . . . . .  | 3,364,898                | 33,548                   | -                      | -                        | 3,398,446                     |
| Special . . . . .  | 761,325                  | 123,491                  | -                      | -                        | 884,816                       |
| Other . . . . .  | 4,083                    | -                        | -                      | -                        | 4,083                         |
| Support services:  |                          |                          |                        |                          |                               |
| Pupil . . . . .  | 416,609                  | 10,071                   | -                      | -                        | 426,680                       |
| Instructional staff . . . . .  | 292,128                  | 16,857                   | -                      | 18,296                   | 327,281                       |
| Board of Education . . . . .   | 80,981                   | -                        | -                      | -                        | 80,981                        |
| Administration . . . . .   | 671,879                  | 1,112                    | -                      | -                        | 672,991                       |
| Fiscal . . . . .   | 237,448                  | -                        | -                      | -                        | 237,448                       |
| Operations and maintenance . . . . .   | 603,965                  | -                        | -                      | -                        | 603,965                       |
| Pupil transportation . . . . .   | 553,968                  | -                        | -                      | -                        | 553,968                       |
| Central . . . . .  | 18,358                   | 4,823                    | -                      | -                        | 23,181                        |
| Community services . . . . .   | 10,383                   | 6,000                    | -                      | -                        | 16,383                        |
| Extracurricular activities . . . . .   | 284,680                  | 94,075                   | -                      | -                        | 378,755                       |
| Facilities acquisition and construction . . . . .  | 25,883                   | -                        | -                      | 17,500                   | 43,383                        |
| Capital outlay . . . . .   | 30,545                   | -                        | -                      | -                        | 30,545                        |
| Debt service:  |                          |                          |                        |                          |                               |
| Principal retirement . . . . .   | 11,666                   | -                        | 17,725                 | -                        | 29,391                        |
| Interest and fiscal charges . . . . .  | 6,878                    | -                        | 3,895                  | -                        | 10,773                        |
| <b>Total expenditures . . . . .</b>  | <b><u>7,375,677</u></b>  | <b><u>289,977</u></b>    | <b><u>21,620</u></b>   | <b><u>35,796</u></b>     | <b><u>7,723,070</u></b>       |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . .   | (302,479)                | 72,835                   | (21,620)               | (18,007)                 | (269,271)                     |
| Other financing sources (uses):  |                          |                          |                        |                          |                               |
| Operating transfers in . . . . .   | -                        | -                        | 25,000                 | 100,000                  | 125,000                       |
| Operating transfers out . . . . .  | (125,000)                | -                        | -                      | -                        | (125,000)                     |
| Proceeds from sale of fixed assets . . . . .   | 5,183                    | -                        | -                      | -                        | 5,183                         |
| Proceeds of capital lease transaction . . . . .  | 30,545                   | -                        | -                      | -                        | 30,545                        |
| <b>Total other financing sources (uses) . . . . .</b>  | <b><u>(89,272)</u></b>   | <b><u>-</u></b>          | <b><u>25,000</u></b>   | <b><u>100,000</u></b>    | <b><u>35,728</u></b>          |
| Excess (deficiency) of revenues and<br>other financing sources over (under)<br>expenditures and other financing (uses) . . . . . | (391,751)                | 72,835                   | 3,380                  | 81,993                   | (233,543)                     |
| Fund balances, July 1 . . . . .  | 1,164,392                | 158,506                  | 2,465                  | 93,652                   | 1,419,015                     |
| Decrease in reserve for inventory . . . . .  | (7,797)                  | -                        | -                      | -                        | (7,797)                       |
| <b>Fund balances, June 30 . . . . .</b>  | <b><u>\$ 764,844</u></b> | <b><u>\$ 231,341</u></b> | <b><u>\$ 5,845</u></b> | <b><u>\$ 175,645</u></b> | <b><u>\$ 1,177,675</u></b>    |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

|  | General           |                   |   | Special Revenue   |                   |   |
|--|-------------------|-------------------|---|-------------------|-------------------|---|
|  | Revised<br>Budget | Actual            | Variance:<br>Favorable<br>(Unfavorable) | Revised<br>Budget | Actual            | Variance:<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>   |                   |                   |   |                   |                   |   |
| From local sources:  |                   |                   |   |                   |                   |   |
| Taxes . . . . .  | \$ 3,732,512      | \$ 3,789,578      | \$ 57,066                               | \$ -              | \$ -              | \$ -                                    |
| Tuition . . . . .  | 266,303           | 219,223           | (47,080)                                | -                 | -                 | -                                       |
| Earnings on investments . . . . .  | 25,000            | 29,519            | 4,519                                   | -                 | -                 | -                                       |
| Extracurricular . . . . .  | -                 | -                 | -                                       | 86,320            | 67,746            | (18,574)                                |
| Other local revenues . . . . .   | 55,160            | 64,362            | 9,202                                   | 10,100            | 19,017            | 8,917                                   |
| Other revenue . . . . .  | 3,340             | 4,742             | 1,402                                   | -                 | -                 | -                                       |
| Intergovernmental - State . . . . .  | 2,934,105         | 2,984,693         | 50,588                                  | 62,294            | 53,362            | (8,932)                                 |
| Intergovernmental - Federal . . . . .  | -                 | -                 | -                                       | 233,056           | 200,862           | (32,194)                                |
| Total revenues . . . . .   | <u>7,016,420</u>  | <u>7,092,117</u>  | <u>75,697</u>                           | <u>391,770</u>    | <u>340,987</u>    | <u>(50,783)</u>                         |
| <b>Expenditures:</b>   |                   |                   |   |                   |                   |   |
| Current:   |                   |                   |   |                   |                   |   |
| Instruction:   |                   |                   |   |                   |                   |   |
| Regular . . . . .  | 3,383,965         | 3,323,509         | 60,456                                  | 49,904            | 37,386            | 12,518                                  |
| Special . . . . .  | 821,997           | 756,912           | 65,085                                  | 175,398           | 127,261           | 48,137                                  |
| Other . . . . .  | 3,200             | 4,083             | (883)                                   | -                 | -                 | -                                       |
| Support services:  |                   |                   |   |                   |                   |   |
| Pupil . . . . .  | 413,345           | 413,631           | (286)                                   | 25,466            | 10,522            | 14,944                                  |
| Instructional staff . . . . .  | 300,073           | 284,678           | 15,395                                  | 31,159            | 16,870            | 14,289                                  |
| Board of Education . . . . .   | 116,036           | 84,986            | 31,050                                  | -                 | -                 | -                                       |
| Administration . . . . .   | 692,363           | 683,928           | 8,435                                   | 1,122             | 1,112             | 10                                      |
| Fiscal . . . . .   | 240,093           | 236,291           | 3,802                                   | -                 | -                 | -                                       |
| Operations and maintenance . . . . .   | 616,217           | 608,487           | 7,730                                   | -                 | -                 | -                                       |
| Pupil transportation . . . . .   | 519,372           | 563,927           | (44,555)                                | -                 | -                 | -                                       |
| Central . . . . .  | 14,870            | 18,358            | (3,488)                                 | 4,901             | 4,901             | -                                       |
| Community services . . . . .   | 10,500            | 10,383            | 117                                     | 6,000             | 6,000             | -                                       |
| Extracurricular activities . . . . .   | 264,040           | 282,967           | (18,927)                                | 103,474           | 94,111            | 9,363                                   |
| Facilities acquisition and construction . . . . .  | 51,217            | 41,464            | 9,753                                   | -                 | -                 | -                                       |
| Debt service:  |                   |                   |   |                   |                   |   |
| Principal retirement . . . . .   | -                 | -                 | -                                       | -                 | -                 | -                                       |
| Interest and fiscal charges . . . . .  | -                 | -                 | -                                       | -                 | -                 | -                                       |
| Total expenditures . . . . .   | <u>7,447,288</u>  | <u>7,313,604</u>  | <u>133,684</u>                          | <u>397,424</u>    | <u>298,163</u>    | <u>99,261</u>                           |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . .   | <u>(430,868)</u>  | <u>(221,487)</u>  | <u>209,381</u>                          | <u>(5,654)</u>    | <u>42,824</u>     | <u>48,478</u>                           |
| Other financing sources (uses):  |                   |                   |   |                   |                   |   |
| Advances in . . . . .  | 6,000             | 6,000             | -                                       | -                 | -                 | -                                       |
| Advances out . . . . .   | (1,500)           | -                 | 1,500                                   | (6,000)           | (6,000)           | -                                       |
| Operating transfers in . . . . .   | -                 | -                 | -                                       | -                 | -                 | -                                       |
| Operating transfers out . . . . .  | (125,000)         | (125,000)         | -                                       | -                 | -                 | -                                       |
| Proceeds from sale of fixed assets . . . . .   | 4,000             | 5,183             | 1,183                                   | -                 | -                 | -                                       |
| Refund of prior year expenditure . . . . .   | 6,145             | 6,390             | 245                                     | -                 | -                 | -                                       |
| Total other financing sources (uses) . . . . .   | <u>(110,355)</u>  | <u>(107,427)</u>  | <u>2,928</u>                            | <u>(6,000)</u>    | <u>(6,000)</u>    | <u>-</u>                                |
| Excess (deficiency) of revenues and<br>other financing sources over (under)<br>expenditures and other financing (uses) . . . . . | <u>(541,223)</u>  | <u>(328,914)</u>  | <u>212,309</u>                          | <u>(11,654)</u>   | <u>36,824</u>     | <u>48,478</u>                           |
| Fund balances, July 1 . . . . .  | 865,887           | 865,887           | -                                       | 169,479           | 169,479           | -                                       |
| Prior year encumbrances appropriated . . . . .   | 78,288            | 78,288            | -                                       | 6,401             | 6,401             | -                                       |
| Fund balances, June 30 . . . . .   | <u>\$ 402,952</u> | <u>\$ 615,261</u> | <u>\$ 212,309</u>                       | <u>\$ 164,226</u> | <u>\$ 212,704</u> | <u>\$ 48,478</u>                        |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

| Debt Service   |          |                                   | Capital Projects |            |                                   | Total (Memorandum only) |              |                                   |
|----------------|----------|-----------------------------------|------------------|------------|-----------------------------------|-------------------------|--------------|-----------------------------------|
| Budget Revised | Actual   | Variance: Favorable (Unfavorable) | Budget Revised   | Actual     | Variance: Favorable (Unfavorable) | Budget Revised          | Actual       | Variance: Favorable (Unfavorable) |
| \$ -           | \$ -     | \$ -                              | \$ -             | \$ -       | \$ -                              | \$ 3,732,512            | \$ 3,789,578 | \$ 57,066                         |
| -              | -        | -                                 | -                | -          | -                                 | 266,303                 | 219,223      | (47,080)                          |
| -              | -        | -                                 | -                | -          | -                                 | 25,000                  | 29,519       | 4,519                             |
| -              | -        | -                                 | -                | -          | -                                 | 86,320                  | 67,746       | (18,574)                          |
| -              | -        | -                                 | -                | -          | -                                 | 65,260                  | 83,379       | 18,119                            |
| -              | -        | -                                 | 1,500            | 1,458      | (42)                              | 4,840                   | 6,200        | 1,360                             |
| -              | -        | -                                 | 18,006           | 18,006     | -                                 | 3,014,405               | 3,056,061    | 41,656                            |
| -              | -        | -                                 | -                | -          | -                                 | 233,056                 | 200,862      | (32,194)                          |
| -              | -        | -                                 | 19,506           | 19,464     | (42)                              | 7,427,696               | 7,452,568    | 24,872                            |
| -              | -        | -                                 | -                | -          | -                                 | 3,433,869               | 3,360,895    | 72,974                            |
| -              | -        | -                                 | -                | -          | -                                 | 997,395                 | 884,173      | 113,222                           |
| -              | -        | -                                 | -                | -          | -                                 | 3,200                   | 4,083        | (883)                             |
| -              | -        | -                                 | 100              | -          | 100                               | 438,911                 | 424,153      | 14,758                            |
| -              | -        | -                                 | 18,296           | 18,296     | -                                 | 349,528                 | 319,844      | 29,684                            |
| -              | -        | -                                 | -                | -          | -                                 | 116,036                 | 84,986       | 31,050                            |
| -              | -        | -                                 | -                | -          | -                                 | 693,485                 | 685,040      | 8,445                             |
| -              | -        | -                                 | -                | -          | -                                 | 240,093                 | 236,291      | 3,802                             |
| -              | -        | -                                 | -                | -          | -                                 | 616,217                 | 608,487      | 7,730                             |
| -              | -        | -                                 | -                | -          | -                                 | 519,372                 | 563,927      | (44,555)                          |
| -              | -        | -                                 | -                | -          | -                                 | 19,771                  | 23,259       | (3,488)                           |
| -              | -        | -                                 | -                | -          | -                                 | 16,500                  | 16,383       | 117                               |
| -              | -        | -                                 | -                | -          | -                                 | 367,514                 | 377,078      | (9,564)                           |
| -              | -        | -                                 | 100,000          | 17,500     | 82,500                            | 151,217                 | 58,964       | 92,253                            |
| 17,725         | 17,725   | -                                 | -                | -          | -                                 | 17,725                  | 17,725       | -                                 |
| 9,740          | 3,895    | 5,845                             | -                | -          | -                                 | 9,740                   | 3,895        | 5,845                             |
| 27,465         | 21,620   | 5,845                             | 118,396          | 35,796     | 82,600                            | 7,990,573               | 7,669,183    | 321,390                           |
| (27,465)       | (21,620) | 5,845                             | (98,890)         | (16,332)   | 82,558                            | (562,877)               | (216,615)    | 346,262                           |
| -              | -        | -                                 | -                | -          | -                                 | 6,000                   | 6,000        | -                                 |
| -              | -        | -                                 | -                | -          | -                                 | (7,500)                 | (6,000)      | 1,500                             |
| 25,000         | 25,000   | -                                 | 100,000          | 100,000    | -                                 | 125,000                 | 125,000      | -                                 |
| -              | -        | -                                 | -                | -          | -                                 | (125,000)               | (125,000)    | -                                 |
| -              | -        | -                                 | -                | -          | -                                 | 4,000                   | 5,183        | 1,183                             |
| -              | -        | -                                 | -                | -          | -                                 | 6,145                   | 6,390        | 245                               |
| 25,000         | 25,000   | -                                 | 100,000          | 100,000    | -                                 | 8,645                   | 11,573       | 2,928                             |
| (2,465)        | 3,380    | 5,845                             | 1,110            | 83,668     | 82,558                            | (554,232)               | (205,042)    | 349,190                           |
| 2,465          | 2,465    | -                                 | 91,977           | 91,977     | -                                 | 1,129,808               | 1,129,808    | -                                 |
| -              | -        | -                                 | -                | -          | -                                 | 84,689                  | 84,689       | -                                 |
| \$ -           | \$ 5,845 | \$ 5,845                          | \$ 93,087        | \$ 175,645 | \$ 82,558                         | \$ 660,265              | \$ 1,009,455 | \$ 349,190                        |

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

|  | Proprietary<br>Fund Type |
|--|--------------------------|
|  | Enterprise               |
| Operating revenues:                    |                          |
| Sales/charges for services . . . . .   | \$ 235,663               |
| Total operating revenues . . . . .     | 235,663                  |
| Operating expenses:                    |                          |
| Personal services . . . . .            | 186,724                  |
| Contract services . . . . .            | 2,289                    |
| Materials and supplies . . . . .       | 129,265                  |
| Depreciation . . . . .                 | 73                       |
| Other . . . . .                        | 1,035                    |
| Total operating expenses . . . . .     | 319,386                  |
| Operating loss . . . . .               | (83,723)                 |
| Nonoperating revenues:                 |                          |
| Operating grants . . . . .             | 48,488                   |
| Federal commodities . . . . .          | 10,259                   |
| Interest revenue . . . . .             | 165                      |
| Total nonoperating revenues . . . . .  | 58,912                   |
| Net loss . . . . .                     | (24,811)                 |
| Accumulated deficit, July 1 . . . . .  | (7,246)                  |
| Accumulated deficit, June 30 . . . . . | \$ (32,057)              |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

|   |    | Proprietary<br>Fund Type |
|---|----|--------------------------|
|   |    | Enterprise               |
| Cash flows from operating activities:   |    |                          |
| Cash received from sales/service charges . . . . .                                | \$ | 235,663                  |
| Cash payments for personal services . . . . .                                     |    | (184,884)                |
| Cash payments for contract services . . . . .                                     |    | (2,289)                  |
| Cash payments for materials and supplies . . . . .                                |    | (119,745)                |
| Cash payments for other expenses . . . . .  |    | (1,035)                  |
| Net used in operating activities . . . . .  |    | (72,290)                 |
| Cash flows from noncapital financing activities:                                  |    |                          |
| Cash received from operating grants . . . . .                                     |    | 48,330                   |
| Net cash provided by noncapital financing activities . . . . .                    |    | 48,330                   |
| Cash flows from investing activities:   |    |                          |
| Interest received . . . . .   |    | 165                      |
| Net cash provided by investing activities . . . . .                               |    | 165                      |
| Net decrease in cash and cash equivalents . . . . .                               |    | (23,795)                 |
| Cash and cash equivalents at beginning of year . . . . .                          |    | 26,194                   |
| Cash and cash equivalents at end of year . . . . .                                | \$ | 2,399                    |
| Reconciliation of operating loss to net cash used in operating activities:        |    |                          |
| Operating loss . . . . .  | \$ | (83,723)                 |
| Adjustments to reconcile operating loss to net cash used in operating activities: |    |                          |
| Depreciation . . . . .  |    | 73                       |
| Federal donated commodities . . . . .   |    | 10,259                   |
| Changes in assets and liabilities:  |    |                          |
| Decrease in materials and supplies inventory . . . . .                            |    | 607                      |
| Increase in accrued wages and benefits . . . . .                                  |    | 90                       |
| Increase in compensated absences payable . . . . .                                |    | 488                      |
| Increase in due to other governments . . . . .                                    |    | 697                      |
| Increase in pension obligation payable . . . . .                                  |    | 565                      |
| Decrease in deferred revenue . . . . .  |    | (1,346)                  |
| Net cash provided by operating activities . . . . .                               | \$ | (72,290)                 |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 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 505<sup>th</sup> largest by enrollment among the 740 public and community 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 43 non-certified and 79 certified employees to provide services to 992 students in grades K through 12 and various community groups.

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

The general purpose financial statements (GPFS) 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 prior to November 30, 1989 to its proprietary activities unless those pronouncements 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. When applying GASB Statement No. 14, management has considered all potential component units.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

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:

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 11.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type:

Enterprise Fund - The enterprise fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises-- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an agency fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

*ACCOUNT GROUPS*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the GPFS. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include tax advances available at fiscal year-end, tuition, grants, (to the extent eligibility requirements have been met by fiscal year-end), and accounts (student fees). Current property taxes measurable as of June 30, 2003, but which are intended to finance fiscal 2004 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2003 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 amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2003.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

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 total.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either decreased or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2003.
9. 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.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. There were no encumbrances outstanding for the enterprise fund at June 30, 2003.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary 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 (both unrestricted and unrestricted) on the combined balance sheet.

During fiscal year 2003, investments were limited to investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). 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, 2003.

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 2003 amounted to \$29,519, which includes \$9,316 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

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

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Prepays

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. 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 capitalized. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed asset account group.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

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

2. *Proprietary Funds*

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

| <u>Asset</u>                            | <u>Life (years)</u> |
|---|---------------------|
| Furniture, fixtures and minor equipment | 5 - 20              |

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment 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.

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 the balance sheet date 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.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

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

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

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

J. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in that fund.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

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

K. Fund Balance Reserves and Designations

The District records reservations for portions of fund equity which are legally segregated for 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 are established for encumbrances, inventories of materials and supplies, long-term interfund advances, prepayments, debt service, tax revenue unavailable for appropriation, budget stabilization, capital maintenance, and textbooks. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under state statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The designation for termination benefits represents monies set aside by the Board of Education for future payment of those benefits. The designation for budget stabilization represents monies set aside by the Board of Education to offset any future budget deficits.

L. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as interfund loans receivable or payable. Such interfund loans are repaid in the following fiscal year.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

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

4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed advances and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term interfund loans receivable and payable at June 30, 2003.

An analysis of the District's interfund transactions for fiscal year 2003 is presented in Note 5.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. A fund balance reserve has also been established (see Note 17).

N. Estimates

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

O. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2003 included the following individual fund deficits:

|                              | <u>Deficit Balance</u> |
|------------------------------|------------------------|
| <u>Special Revenue Funds</u> |                        |
| Title I                      | \$ 28                  |
| <br>                         |                        |
| <u>Enterprise Fund</u>       |                        |
| Food Service                 | 32,057                 |

These funds complied with Ohio state law, which does not allow a cash deficit at year-end.

The deficit fund balance in the Title I special revenue fund is a result of accruing wage obligations in accordance with GAAP. This deficit will be eliminated by intergovernmental revenues and other subsidies not recognized at June 30.

The deficit retained earnings in the Food Service enterprise fund is a result of accruing wages, benefit and pension obligations in accordance with GAAP. This deficit will be eliminated by user charges and intergovernmental revenues not recognized at June 30.

**B. Agency Fund**

The following is an accrual for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

|                    |       |
|--------------------|-------|
| <u>LIABILITIES</u> |       |
| Accounts payable   | \$101 |

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

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

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

Protection of the 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 may be invested or deposited in the following securities:

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



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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase 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 rating classifications by at least two nationally recognized rating agencies.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.

*Deposits:* At year-end, the carrying amount of the District's deposits was \$697,275, which included \$171,042 of deposits in transit. The bank balance was \$549,165. Of the bank balance:

1. \$492,000 was covered by federal depository insurance; and
2. \$57,165 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

*Investments:* Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name.

The District's only investment at year-end was in STAR Ohio. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The fair value of the District's investment in STAR Ohio at June 30, 2003 was \$394,239.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of cash and cash equivalents on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

|  | <u>Equity in Pooled Cash<br/>and Cash Equivalents</u> | <u>Investments</u> |
|--|---|--------------------|
| GASB Statement No. 9                     | \$1,091,514   | \$ -               |
| Investments of the cash management pool: |   |                    |
| Investment in STAR Ohio                  | <u>(394,239)</u>                                      | <u>394,239</u>     |
| GASB Statement No. 3                     | <u>\$ 697,275</u>                                     | <u>\$394,239</u>   |

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a reconciliation of the District's operating transfers for fiscal year 2003:

|                              | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|---------------------|----------------------|
| General Fund                 | \$ -                | \$125,000            |
| <u>Debt Service Fund</u>     |                     |                      |
| Bus Garage Debt              | 25,000              | -                    |
| <u>Capital Projects Fund</u> |                     |                      |
| CCHS Phase II                | <u>100,000</u>      | <u>-</u>             |
| Total                        | <u>\$125,000</u>    | <u>\$125,000</u>     |

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

A. Interfund balances at June 30, 2003 consist of the following long-term advance:

|                             | <u>Advances to<br/>Other Funds</u> | <u>Advances from<br/>Other Funds</u> |
|-----------------------------|------------------------------------|--------------------------------------|
| General Fund                | \$618                              | \$ -                                 |
| <u>Special Revenue Fund</u> |                                    |                                      |
| Ohio Reads Grant            | <u>-</u>                           | <u>618</u>                           |
| Total                       | <u>\$618</u>                       | <u>\$618</u>                         |

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies which is assessed at various rates of true value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

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

The assessed value upon which the 2002 taxes were collected was \$118,283,089. Agricultural/residential and public utility/minerals real estate represented 63.68% or \$75,310,390 of this total; Commercial & industrial real estate represented 7.92% or \$9,372,000 of this total, public utility tangible represented 3.85% or \$4,558,310 of this total and general tangible property represented 24.55% or \$29,042,389 of this total. The voted general tax rate at the fiscal year-ended June 30, 2003 was \$49.6 per \$1,000.00 of assessed valuation for operations.

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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Crawford County Treasurer collects property tax on behalf of the District. The Crawford County Auditor periodically remits to the District its portion of the taxes collected.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less the amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2003, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2003 totaled \$994,243 in the general fund.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2003 consisted of taxes, long-term interfund loans, accounts (billings for user charged services and student fees), and intergovernmental grants (to the extent eligibility requirements have been met by fiscal year-end). Intergovernmental receivables have been reported as Due From Other Governments on the combined balance sheet. 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 follows:

|                                | <u>Amount</u> |
|--------------------------------|---------------|
| <u>General Fund</u>            |               |
| Taxes - current and delinquent | \$3,926,531   |
| Accounts                       | 2,119         |
| Due from other governments     | 7,799         |
| <u>Special Revenue Funds</u>   |               |
| Due from other governments     | 38,744        |
| <u>Debt Service Fund</u>       |               |
| Taxes - current and delinquent | 400,000       |
| <u>Enterprise Funds</u>        |               |
| Due from other governments     | 5,969         |

**NOTE 8 - FIXED ASSETS**

A summary of the changes in the general fixed assets account group during the fiscal year follows:

|                     | <u>Balance</u><br><u>July 1, 2002</u> | <u>Increase</u>  | <u>Decrease</u>    | <u>Balance</u><br><u>June 30, 2003</u> |
|---------------------|---------------------------------------|------------------|--------------------|--|
| Land/ improvements  | \$ 843,431                            | \$ 7,700         | \$ -               | \$ 851,131                             |
| Buildings           | 2,433,053                             | 334,085          | -                  | 2,767,138                              |
| Furniture/equipment | 1,200,307                             | 156,498          | (132,857)          | 1,223,948                              |
| Vehicles            | <u>777,688</u>                        | <u>118,646</u>   | <u>(101,350)</u>   | <u>794,984</u>                         |
| Total               | <u>\$5,254,479</u>                    | <u>\$616,929</u> | <u>\$(234,207)</u> | <u>\$5,637,201</u>                     |

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

NOTE 8 - FIXED ASSETS - (Continued)

A summary of the proprietary fixed assets at June 30, 2003 follows:

|                                |                 |
|--------------------------------|-----------------|
| Furniture and equipment        | \$ 71,300       |
| Less: accumulated depreciation | <u>(63,113)</u> |
| Net fixed assets               | <u>\$ 8,187</u> |

NOTE 9 - CAPITAL LEASE

During fiscal year 2003, the District entered into a capitalized lease for copier equipment. This lease 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 combined GPFS for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment has been capitalized in the general fixed assets account group 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 was recorded in the general long-term obligations account group. Principal payments of \$2,378 were made during fiscal year 2003 from the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement and the present value of the minimum lease payments as of June 30, 2003.

| Fiscal Year Ending<br><u>June 30</u>    | <u>Amount</u>   |
|---|-----------------|
| 2004                                    | \$ 8,889        |
| 2005                                    | 8,889           |
| 2006                                    | 8,889           |
| 2007                                    | <u>5,926</u>    |
| Total                                   | 32,593          |
| Less: amount representing interest      | <u>(4,426)</u>  |
| Present value of minimum lease payments | <u>\$28,167</u> |

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the year ended June 30, 2003, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation payable will be paid from the fund in which the employee was paid.

|                            | <u>Balance</u><br><u>July 1, 2002</u> | <u>Increase</u>  | <u>Decrease</u>   | <u>Balance</u><br><u>June 30, 2003</u> |
|----------------------------|---------------------------------------|------------------|-------------------|--|
| Compensated absences       | \$336,242                             | \$ 85,052        | \$(19,015)        | \$402,279                              |
| Pension obligation payable | 37,391                                | 41,849           | (37,391)          | 41,849                                 |
| Capital lease obligation   | -                                     | 30,545           | (2,378)           | 28,167                                 |
| Bus garage loan payable    | 121,323                               | -                | (17,725)          | 103,598                                |
| Waterline project payable  | <u>103,028</u>                        | <u>-</u>         | <u>(9,288)</u>    | <u>93,740</u>                          |
| Total                      | <u>\$597,984</u>                      | <u>\$157,446</u> | <u>\$(85,797)</u> | <u>\$669,633</u>                       |

*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 2003, the District made \$9,288 in principal payments and \$6,293 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, 2003, reported in the general long-term obligations account group is \$93,740.

*Bus Garage Loan* - The District entered into a bus garage 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 2003, the District made \$17,725 in principal payments and \$3,895 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, 2003, reported in the general long-term obligations account group is \$103,598.



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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. 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, 2003 are a voted debt margin of \$10,651,323 (including available funds of \$5,845) and an unvoted debt margin of \$118,283.

NOTE 11 - 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 underinsured motorists. Property is protected by Cincinnati Insurance Company and holds a \$500 deductible. Real property and contents are 100% coinsured.

The bus fleet and maintenance vehicles are insured by the Nationwide Mutual Fire Insurance Company and hold a \$500 collision deductible and a \$250 comprehensive deductible and a \$2,000,000 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 2002.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

NOTE 11 - RISK MANAGEMENT - (Continued)

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.

C. Workers' Compensation

For fiscal year 2003, 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

**NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains one enterprise fund which provides lunchroom/cafeteria services; therefore, segment information for the year ended June 30, 2003 is not presented. The enterprise fund had no encumbrances outstanding at June 30, 2003.

**NOTE 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 State Statute 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 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate of 14% for 2003, 8.17% was the portion 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, 2003, 2002, and 2001 were \$124,564, \$122,455, and \$138,338, respectively; 51.79% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$60,048, representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds and the general long-term obligations account group.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

NOTE 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 43215-3771, or by calling (614) 227-4090.

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. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

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

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 9.3% of their annual covered salary and the District is required to contribute 14%; 13% 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 to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$517,072, \$483,205, and \$510,043, respectively; 82.87% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$88,572, representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds.

**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, 2003, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$35,964 during fiscal 2003.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 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. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 5.83% 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 2003, the minimum pay has been established at \$12,400. 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. Expenses for health care at June 30, 2002 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$58,262 during the 2003 fiscal year.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison - All Governmental Fund Types 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, encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to reservations of fund balance for governmental funds (GAAP basis).

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

|  | <u>Governmental Fund Types</u> |                            |                         |                             |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses |                                |                            |                         |                             |
| Budget basis   | \$(328,914)                    | \$36,824                   | \$ 3,380                | \$83,668                    |
| Net adjustment for revenue accruals  | (18,919)                       | 21,825                     | -                       | (1,675)                     |
| Net adjustment for expenditure accruals  | (103,412)                      | 5,630                      | -                       | -                           |
| Net adjustment for other financing sources/(uses)  | 18,155                         | 6,000                      | -                       | -                           |
| Encumbrances (budget basis)  | <u>41,339</u>                  | <u>2,556</u>               | <u>-</u>                | <u>-</u>                    |
| GAAP basis   | <u>\$(391,751)</u>             | <u>\$72,835</u>            | <u>\$3,380</u>          | <u>\$81,993</u>             |

NOTE 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 general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2003.

B. Litigation

The District was not involved in litigation as either plaintiff or defendant at fiscal year-end.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

NOTE 16 - CONTINGENCIES - (Continued)

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "the Ohio General Assembly to enact a school funding scheme that is thorough and efficient". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

NOTE 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, 2003, the reserve activity was as follows:

|  | <u>Textbooks</u> | <u>Capital<br/>Acquisition</u> | <u>Budget<br/>Stabilization</u> |
|--|------------------|--------------------------------|---------------------------------|
| Set-aside cash balance as of June 30, 2002 | \$ 51,592        | \$ 37,133                      | \$51,002                        |
| Current year set-aside requirement         | 133,000          | 133,000                        | -                               |
| Current year offsets                       | -                | -                              | -                               |
| Qualifying disbursements                   | <u>(105,859)</u> | <u>(127,239)</u>               | <u>-</u>                        |
| Total                                      | <u>\$ 78,733</u> | <u>\$ 42,894</u>               | <u>\$51,002</u>                 |
| Cash balance carried forward to FY 2004    | <u>\$ 78,733</u> | <u>\$ 42,894</u>               | <u>\$51,002</u>                 |

A schedule of restricted assets at June 30, 2003 follows:

|  |                  |
|--|------------------|
| Amount restricted for budget stabilization | \$ 51,002        |
| Amount restricted for capital maintenance  | 42,894           |
| Amount restricted for textbooks            | <u>78,733</u>    |
| Total restricted assets                    | <u>\$172,629</u> |

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(CONTINUED)**

**NOTE 18 - SIGNIFICANT SUBSEQUENT EVENT**

On July 2, 2003, the District issued \$14,500,000 in school improvement notes in anticipation of the issuance of bonds to finance various building improvements. The notes bear an annual interest rate of 1.60% and mature on December 18, 2003.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
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 general purpose financial statements of the Colonel Crawford Local School District, Crawford County, Ohio, (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated October 22, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended for the information and use of the finance committee, management, and the Board of Education, and is not intended to be and should not be used by 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**

October 22, 2003

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2003

| Finding Number | Finding Summary                | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b> |
|----------------|--------------------------------|------------------|---|
| 2002-10517-001 | Posting of estimated revenues. | Yes              | Fully Corrected   |





**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 4, 2003**