



**Auditor of State  
Betty Montgomery**



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Colonel Crawford Local School District, Crawford County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2004, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2004, 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.

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

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

**Betty Montgomery**  
Auditor of State

November 24, 2004

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

The discussion and analysis of the Colonel Crawford Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

- In total, net assets of governmental activities decreased \$524,298 which represents a 19% decrease from 2003.
- General revenues accounted for \$7,073,293 in revenue or 83.53% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,394,725 or 16.47% of total revenues of \$8,468,018.
- The District had \$8,992,316 in expenses related to governmental activities; \$1,394,725 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,073,293 were not adequate to provide for these programs.
- The District's major governmental funds are the General Fund, Debt Service Fund and Building Fund. The General Fund had \$6,811,112 in revenues and other financing sources and \$7,551,539 in expenditures and other financing uses. During fiscal year 2004, the General Fund's fund balance decreased \$740,427 from \$790,363 to \$49,936.
- The Debt Service Fund had \$15,631,078 in revenues and other financing sources and \$14,850,780 in expenditures. During fiscal year 2004, the Debt Service Fund's fund balance increased \$780,298 from \$5,845 to \$786,143.
- The Building Fund had \$14,671,229 in revenues and other financing sources and \$1,103,090 in expenditures. During fiscal year 2004, the Building Fund's fund balance increased \$13,568,139.

**Using these Basic Financial Statements**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the General Fund, Debt Service Fund and Building Fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

*Fund Financial Statements*

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Debt Service Fund and Building Fund.

*Governmental Funds*

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

*Reporting the District's Fiduciary Responsibilities*

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
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*Notes to the Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole. This is the first year for government-wide financial statements using the full accrual basis of accounting; therefore a comparison with prior years is not available. A comparative analysis will be provided in future years when prior year information is available.

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

	<b>Net Assets</b>
	Governmental Activities <u>2004</u>
<b><u>Assets</u></b>	
Current and other assets	\$ 20,623,737
Capital assets, net	<u>2,816,653</u>
Total assets	<u>23,440,390</u>
<b><u>Liabilities</u></b>	
Current liabilities	5,567,469
Long-term liabilities	<u>15,638,727</u>
Total liabilities	<u>21,206,196</u>
<b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	1,556,833
Restricted	879,211
Unrestricted	<u>(201,850)</u>
Total net assets	<u>\$ 2,234,194</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the District's assets exceeded liabilities by \$2,234,194. Of this total, \$879,211 is restricted in use.

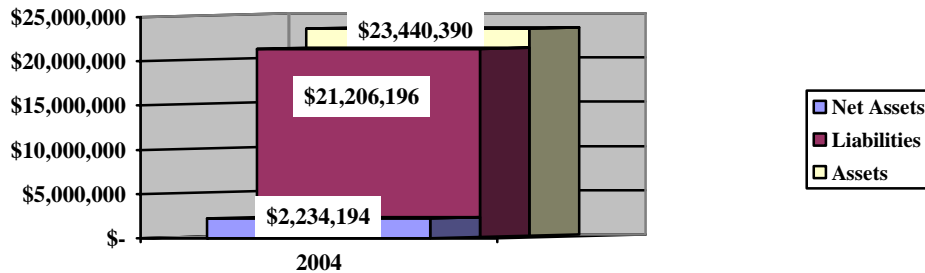
At year-end, capital assets represented 12.02% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Capital assets, net of related debt to acquire the assets at June 30, 2004, were \$1,556,833. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

A portion of the District's net assets, \$879,211, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$201,850.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2004. Since this is the first year the District has prepared government-wide financial statements using the full accrual basis of accounting, revenue and expense comparisons to fiscal year 2003 are not available. A comparative analysis will be provided in future years when prior year information is available.

**Change in Net Assets**

	Governmental Activities 2004
<b><u>Revenues</u></b>	
Program revenues:	
Charges for services and sales	\$ 1,057,448
Operating grants and contributions	334,777
Capital grants and contributions	2,500
General revenues:	
Property taxes	3,945,790
Grants and entitlements	2,863,312
Investment earnings	220,001
Other	44,190
	<hr/>
Total revenues	8,468,018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
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	Governmental Activities <u>2004</u>
<b><u>Expenses</u></b>	
Program expenses:	
Instruction:	
Regular	\$ 3,824,686
Special	939,512
Vocational	6,405
Support services:	
Pupil	446,751
Instructional staff	336,198
Board of education	85,757
Administration	728,665
Fiscal	264,141
Operations and maintenance	596,589
Pupil transportation	549,764
Central	16,503
Operations of non-instructional services	15,000
Food service operations	303,504
Extracurricular activities	372,685
Interest and fiscal charges	<u>506,156</u>
Total expenses	<u>8,992,316</u>
Decrease in net assets	<u>\$ (524,298)</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$524,298. Total governmental expenses of \$8,992,316 were offset by program revenues of \$1,394,725 and general revenues of \$7,073,293. Program revenues supported 15.51% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, grants and entitlements. These revenue sources represent 80.41% of total governmental revenue.

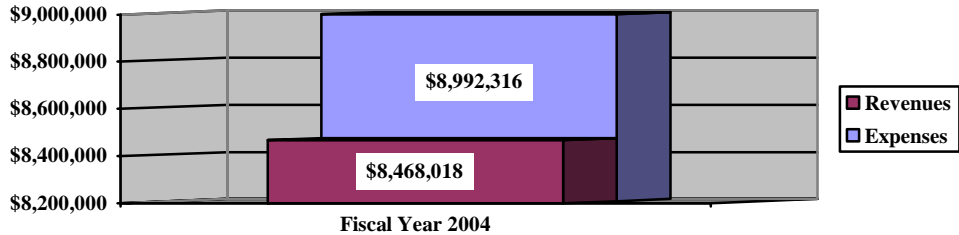
The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,770,603 or 53.05% of total governmental expenses for fiscal 2004.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

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

**Governmental Activities - Revenues and Expenses**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. The total cost of services represents the total cost the District incurred to provide the service and the net cost of services represents the cost of the service after applying specific program revenues attributable to that service. The net cost of services is financed by general revenues of the District (i.e. tax revenue and unrestricted State grants and entitlements). Comparisons to 2003 have not been presented since they are not available.

**Governmental Activities**

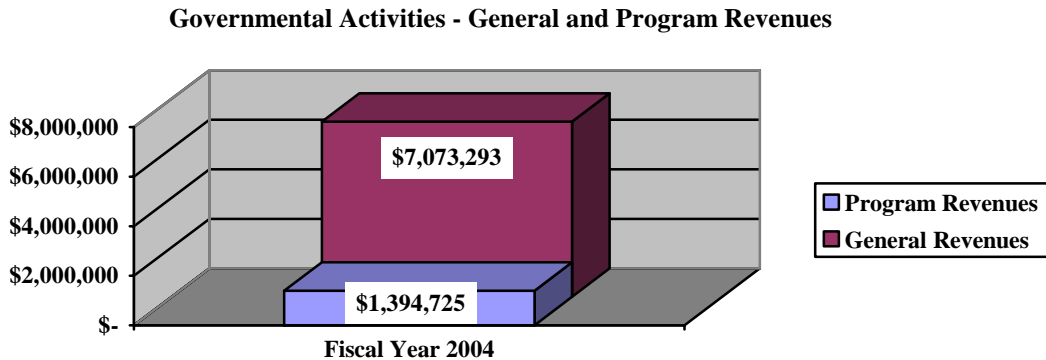
	Total Cost of Services 2004	Net Cost of Services 2004
<b>Program expenses</b>		
Instruction:		
Regular	\$ 3,824,686	\$ 3,029,772
Special	939,512	709,743
Vocational	6,405	6,405
Support services:		
Pupil	446,751	411,889
Instructional staff	336,198	329,231
Board of education	85,757	85,757
Administration	728,665	728,665
Fiscal	264,141	264,141
Operations and maintenance	596,589	595,096
Pupil transportation	549,764	549,764
Central	16,503	16,503
Operations of non-instructional services	15,000	3,000
Food service operations	303,504	62,731
Extracurricular activities	372,685	298,738
Interest and fiscal charges	506,156	506,156
<b>Total expenses</b>	<b>\$ 8,992,316</b>	<b>\$ 7,597,591</b>

The dependence upon tax and other general revenues for governmental activities is apparent, 78.52% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.49%. The District's taxpayers, as a whole, are by far the primary support for District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

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



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$14,728,683, which is higher than last year's total of \$1,172,146. The June 30, 2003 fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	<u>Fund Balance</u> <u>June 30, 2004</u>	<u>Fund Balance</u> <u>June 30, 2003</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
General	\$ 49,936	\$ 790,363	\$ (740,427)	(93.68) %
Debt Service	786,143	5,845	780,298	13,349.84 %
Building	13,568,139	-	13,568,139	100.00 %
Other Governmental	<u>324,465</u>	<u>375,938</u>	<u>(51,473)</u>	(13.69) %
Total	<u>\$ 14,728,683</u>	<u>\$ 1,172,146</u>	<u>\$ 13,556,537</u>	1,156.56 %

**General Fund**

The District's General Fund balance decreased \$740,427 (after a restatement to the June 30, 2003, fund balance which is detailed in Note 3.A. to the basic financial statements). The decrease in fund balance can be attributed to several items related to decreasing revenues and increased expenditures. Expenditures exceed revenues for fiscal year 2004 by \$729,110. On March 3, 2004 the Governor of the State of Ohio issued an executive order to reduce funding to school districts to help offset the state's fiscal year deficit.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

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

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,279,738	\$ 3,769,880	\$ (490,142)	(13.00) %
Earnings on investments	20,758	29,519	(8,761)	(29.68) %
Intergovernmental	2,723,461	2,988,473	(265,012)	(8.87) %
Other revenues	<u>782,920</u>	<u>285,326</u>	<u>497,594</u>	174.39 %
<b>Total</b>	<b><u>\$ 6,806,877</u></b>	<b><u>\$ 7,073,198</u></b>	<b><u>\$ (266,321)</u></b>	<b>(3.77) %</b>
<b><u>Expenditures</u></b>				
Instruction	\$ 4,361,430	\$ 4,130,306	\$ 231,124	5.60 %
Support services	2,867,247	2,875,336	(8,089)	(0.28) %
Non-instructional services	1,000	10,383	(9,383)	(90.37) %
Extracurricular activities	281,830	284,680	(2,850)	(1.00) %
Facilities acquisition and construction	10	25,883	(25,873)	(99.96) %
Capital outlay	-	30,545	(30,545)	(100.00) %
Debt service	<u>24,470</u>	<u>18,544</u>	<u>5,926</u>	31.96 %
<b>Total</b>	<b><u>\$ 7,535,987</u></b>	<b><u>\$ 7,375,677</u></b>	<b><u>\$ 160,310</u></b>	<b>2.17 %</b>

***Debt Service Fund***

The Debt Service Fund had \$15,631,078 in revenues and other financing sources and \$14,850,780 in expenditures. During fiscal year 2004, the Debt Service Fund's fund balance increased \$780,298 from \$5,845 to \$786,143. During fiscal year 2004, the Debt Service Fund issued bonds and retired bond anticipation notes.

***Building Fund***

The Building Fund had \$14,671,229 in revenues and other financing sources and \$1,103,090 in expenditures. During fiscal year 2004, the Building Fund's fund balance increased \$13,568,139 primarily due to bond anticipation note proceeds.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2004, the District amended its General Fund budget several times. For the General Fund, original budgeted revenues and other financing sources were \$7,357,000 and final budgeted revenues and other financing sources were \$7,247,303. Actual revenues and other financing sources for fiscal 2004 was \$7,280,099. This represents a \$32,796 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$7,969,399, which were reduced to \$7,621,700 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$7,619,451, which was \$2,249 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2004, the District had \$2,816,653 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. This entire amount is reported in governmental activities. The following table shows fiscal 2004 balances compared to 2003:

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

	Governmental Activities	
	2004	2003
Land	\$ 176,390	\$ 154,670
Land improvements	170,705	180,962
Building and improvements	909,207	954,019
Furniture and equipment	150,205	169,042
Vehicles	340,629	383,122
Construction in progress	1,069,517	-
<b>Total</b>	<b>\$ 2,816,653</b>	<b>\$ 1,841,815</b>

The overall increase in capital assets of \$974,838 is due to capital outlays of \$1,091,237 exceeding depreciation expense of \$116,399 in the fiscal year. The primary increase in capital outlay is a result of construction in progress.

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

***Debt Administration***

At June 30, 2004, the District had \$14,540,900 in general obligation bonds, \$21,283 in capital lease obligations, \$85,125 in bus garage loans and \$83,895 in water line project payable outstanding. Of this total, \$317,660 is due within one year and \$14,413,543 is due within greater than one year. The following table summarizes the bonds, capital lease obligations, loans and water line project payable outstanding.

**Outstanding Debt, at Year End**

	Governmental	Governmental
	Activities	Activities
	2004	2003
General obligation bonds	\$ 14,540,900	\$ -
Capital lease obligations	21,283	28,167
Bus garage loans	85,125	103,598
Water line project payable	83,895	93,740
<b>Total</b>	<b>\$ 14,731,203</b>	<b>\$ 225,505</b>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

**Current Financial Related Activities**

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

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

Like most other Ohio school districts, and as mentioned on page 9 of this discussion, the District has suffered as a result of reductions in state funding. In addition, the District is heavily dependent on business and inventory taxes, a revenue stream that will be phased out within the foreseeable future. More than seven teaching positions and one administrative position were eliminated at the end of fiscal year 2004 and other expenses were reduced as far as possible to allow the District to operate 'in the black' for the fiscal 2005 school year. A 1.5% income tax has been placed on the February ballot to generate the needed operating funds. The Board of Education and administration are committed to continue to do everything possible to provide quality education to the children of the District while working with the community and the legislature to seek a long- term solution to the current funding issues.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Libbie Anatra, Treasurer, Colonel Crawford Local School District, 2303 St. Rt. 602, P.O. Box 7, North Robinson, Ohio 44856-0007.



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

STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 15,058,452
Receivables:	
Taxes . . . . .	5,214,070
Accounts . . . . .	974
Intergovernmental . . . . .	15,912
Accrued interest . . . . .	78,442
Prepayments . . . . .	26,130
Materials and supplies inventory . . . . .	16,395
Unamortized bond issue costs . . . . .	213,362
Capital assets:	
Land . . . . .	176,390
Construction in progress. . . . .	1,069,517
Depreciable capital assets, net . . . . .	<u>1,570,746</u>
Capital assets, net. . . . .	<u>2,816,653</u>
 Total assets. . . . .	 <u>23,440,390</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	17,290
Contracts payable. . . . .	246,069
Accrued wages and benefits . . . . .	840,184
Pension obligation payable. . . . .	166,968
Intergovernmental payable . . . . .	13,445
Deferred revenue . . . . .	3,934,348
Accrued interest payable . . . . .	349,165
Long-term liabilities:	
Due within one year. . . . .	381,097
Due within more than one year . . . . .	<u>15,257,630</u>
 Total liabilities . . . . .	 <u>21,206,196</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	1,556,833
Restricted for:	
Capital projects . . . . .	175,470
Debt service. . . . .	531,423
Other purposes . . . . .	172,318
Unrestricted. . . . .	<u>(201,850)</u>
 Total net assets . . . . .	 <u>\$ 2,234,194</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 3,824,686	\$ 741,235	\$ 51,179	\$ 2,500	\$ (3,029,772)
Special . . . . .	939,512	-	229,769	-	(709,743)
Vocational . . . . .	6,405	-	-	-	(6,405)
Support services:					
Pupil . . . . .	446,751	-	34,862	-	(411,889)
Instructional staff . . . . .	336,198	-	6,967	-	(329,231)
Board of education . . . . .	85,757	-	-	-	(85,757)
Administration . . . . .	728,665	-	-	-	(728,665)
Fiscal . . . . .	264,141	-	-	-	(264,141)
Operations and maintenance . . . . .	596,589	1,493	-	-	(595,096)
Pupil transportation . . . . .	549,764	-	-	-	(549,764)
Central . . . . .	16,503	-	-	-	(16,503)
Operation of non-instructional services:					
Other non-instructional services . . . . .	15,000	-	12,000	-	(3,000)
Food service operations . . . . .	303,504	240,773	-	-	(62,731)
Extracurricular activities . . . . .	372,685	73,947	-	-	(298,738)
Interest and fiscal charges . . . . .	506,156	-	-	-	(506,156)
<b>Total governmental activities . . . . .</b>	<b>\$ 8,992,316</b>	<b>\$ 1,057,448</b>	<b>\$ 334,777</b>	<b>\$ 2,500</b>	<b>(7,597,591)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	3,271,077
Debt service . . . . .	674,713
Grants and entitlements not restricted	
to specific programs . . . . .	2,863,312
Investment earnings . . . . .	220,001
Miscellaneous . . . . .	44,190
<b>Total general revenues . . . . .</b>	<b>7,073,293</b>
Change in net assets . . . . .	(524,298)
Net assets at beginning of year (restated) . . . . .	2,758,492
<b>Net assets at end of year . . . . .</b>	<b>\$ 2,234,194</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 192,323	\$ 534,717	\$ 13,776,653	\$ 407,413	\$ 14,911,106
Receivables:					
Taxes . . . . .	4,223,340	990,730	-	-	5,214,070
Accounts . . . . .	974	-	-	-	974
Intergovernmental . . . . .	9,424	-	-	6,488	15,912
Accrued interest . . . . .	520	-	77,922	-	78,442
Loans to other funds . . . . .	618	-	-	-	618
Prepayments . . . . .	26,130	-	-	-	26,130
Materials and supplies inventory . . . . .	13,947	-	-	2,448	16,395
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	147,346	-	-	-	147,346
<b>Total assets . . . . .</b>	<b><u>\$ 4,614,622</u></b>	<b><u>\$ 1,525,447</u></b>	<b><u>\$ 13,854,575</u></b>	<b><u>\$ 416,349</u></b>	<b><u>\$ 20,410,993</u></b>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 5,162	\$ -	\$ 11,853	\$ 275	\$ 17,290
Contracts payable . . . . .	-	-	246,069	-	246,069
Accrued wages and benefits . . . . .	763,347	-	-	76,837	840,184
Compensated absences payable . . . . .	-	-	-	3,416	3,416
Pension obligation payable. . . . .	97,346	-	-	10,050	107,396
Intergovernmental payable. . . . .	12,757	-	-	688	13,445
Loans from other funds . . . . .	-	-	-	618	618
Deferred revenue. . . . .	3,686,074	739,304	28,514	-	4,453,892
<b>Total liabilities . . . . .</b>	<b><u>4,564,686</u></b>	<b><u>739,304</u></b>	<b><u>286,436</u></b>	<b><u>91,884</u></b>	<b><u>5,682,310</u></b>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	17,482	-	1,038,827	3,685	1,059,994
Reserved for materials and supplies inventory. . . . .	13,947	-	-	2,448	16,395
Reserved for prepayments . . . . .	26,130	-	-	-	26,130
Reserved for property tax unavailable for appropriation . . . . .	537,786	251,426	-	-	789,212
Reserved for internal loans . . . . .	618	-	-	-	618
Reserved for textbooks. . . . .	147,346	-	-	-	147,346
Reserved for debt service. . . . .	-	534,717	-	-	534,717
Unreserved:					
Designated for termination benefits. . . . .	-	-	-	99,500	99,500
Undesignated (deficit), reported in:					
General fund . . . . .	(693,373)	-	-	-	(693,373)
Special revenue funds . . . . .	-	-	-	43,362	43,362
Capital projects funds . . . . .	-	-	12,529,312	175,470	12,704,782
<b>Total fund balances . . . . .</b>	<b><u>49,936</u></b>	<b><u>786,143</u></b>	<b><u>13,568,139</u></b>	<b><u>324,465</u></b>	<b><u>14,728,683</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 4,614,622</u></b>	<b><u>\$ 1,525,447</u></b>	<b><u>\$ 13,854,575</u></b>	<b><u>\$ 416,349</u></b>	<b><u>\$ 20,410,993</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004

<b>Total governmental fund balances</b>		\$ 14,728,683
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,816,653
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 490,510	
Accrued interest	<u>29,034</u>	
Total		519,544
Unamortized bond issuance costs are not recognized in the funds governmental activities in the statement of net assets.		213,362
Unamortized premiums on bond issuance is not recognized in the funds.		(423,918)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	480,190	
Pension obligation payable	59,572	
Loans payable	169,020	
Capital lease payable	21,283	
General obligation bonds payable	14,540,900	
Accrued interest payable	<u>349,165</u>	
Total		<u>(15,620,130)</u>
<b>Net assets of governmental activities</b>		<u>\$ 2,234,194</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 3,279,738	\$ 628,998	\$ -	\$ -	\$ 3,908,736
Tuition. . . . .	668,968	-	-	-	668,968
Charges for services. . . . .	-	-	-	240,773	240,773
Earnings on investments. . . . .	20,758	-	170,078	131	190,967
Extracurricular. . . . .	-	-	-	73,947	73,947
Classroom materials and fees. . . . .	43,054	-	-	1,493	44,547
Other local revenues. . . . .	43,372	-	-	11,912	55,284
Other revenue . . . . .	27,526	44,490	-	-	72,016
Intergovernmental - State. . . . .	2,723,461	-	-	86,769	2,810,230
Intergovernmental - Federal . . . . .	-	-	-	318,342	318,342
Total revenue . . . . .	<u>6,806,877</u>	<u>673,488</u>	<u>170,078</u>	<u>733,367</u>	<u>8,383,810</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	3,720,041	-	-	52,084	3,772,125
Special. . . . .	641,389	-	-	284,123	925,512
Support services:					
Pupil. . . . .	425,368	-	-	17,228	442,596
Instructional staff . . . . .	298,421	-	-	33,757	332,178
Board of education . . . . .	85,423	-	-	-	85,423
Administration. . . . .	712,142	-	-	-	712,142
Fiscal . . . . .	252,553	9,043	-	-	261,596
Operations and maintenance. . . . .	579,784	-	-	3,000	582,784
Pupil transportation . . . . .	501,191	-	-	-	501,191
Central. . . . .	12,365	-	-	4,138	16,503
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	300,482	300,482
Other non-instructional services. . . . .	1,000	-	-	14,000	15,000
Extracurricular activities. . . . .	281,830	-	-	76,028	357,858
Facilities acquisition and construction . . . . .	10	-	1,103,090	-	1,103,100
Debt service:					
Principal retirement . . . . .	16,729	14,518,473	-	-	14,535,202
Interest and fiscal charges . . . . .	7,741	109,902	-	-	117,643
Bond issuance costs . . . . .	-	213,362	-	-	213,362
Total expenditures . . . . .	<u>7,535,987</u>	<u>14,850,780</u>	<u>1,103,090</u>	<u>784,840</u>	<u>24,274,697</u>
Excess of revenues under expenditures . . . . .	(729,110)	(14,177,292)	(933,012)	(51,473)	(15,890,887)
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	15,552	-	24,645	40,197
Transfers (out). . . . .	(15,552)	-	-	(24,645)	(40,197)
Premium on bonds and notes. . . . .	-	423,918	1,151	-	425,069
Proceeds from sale of capital assets. . . . .	4,235	-	-	-	4,235
Proceeds from sale of notes. . . . .	-	-	14,500,000	-	14,500,000
Proceeds from sale of bonds . . . . .	-	14,500,000	-	-	14,500,000
Accrued interest on sale of bonds. . . . .	-	18,120	-	-	18,120
Total other financing sources (uses) . . . . .	<u>(11,317)</u>	<u>14,957,590</u>	<u>14,501,151</u>	<u>-</u>	<u>29,447,424</u>
Net change in fund balances . . . . .	(740,427)	780,298	13,568,139	(51,473)	13,556,537
<b>Fund balances at beginning of year (restated) . . . . .</b>					
	790,363	5,845	-	375,938	1,172,146
<b>Fund balances at end of year. . . . .</b>	<u>\$ 49,936</u>	<u>\$ 786,143</u>	<u>\$ 13,568,139</u>	<u>\$ 324,465</u>	<u>\$ 14,728,683</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

<b>Net change in fund balances - total governmental funds</b>	\$	13,556,537
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,091,237) exceed depreciation expense (\$116,399) in the current period.		974,838
Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		(423,918)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		213,362
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		66,088
Repayment of bonds, loans, and capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		14,535,202
Proceeds of notes and bonds are recorded as revenue in the funds, however on the statement of activities, they are not reported as revenue as they increase the liabilities on the statement of net assets.		(29,000,000)
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the accrued interest on bonds and additional accumulated accreted interest on the capital appreciation bonds.		(384,381)
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(62,026)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(524,298)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 3,789,254	\$ 3,732,754	\$ 3,736,195	\$ 3,441
Tuition. . . . .	668,650	658,680	671,072	12,392
Earnings on investments. . . . .	30,608	30,152	20,758	(9,394)
Classroom materials and fees. . . . .	54,188	53,380	42,831	(10,549)
Other local revenues . . . . .	36,362	35,820	42,831	7,011
Intergovernmental - State . . . . .	2,764,731	2,723,507	2,749,167	25,660
Total revenue . . . . .	<u>7,343,793</u>	<u>7,234,293</u>	<u>7,262,854</u>	<u>28,561</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,890,204	3,676,463	3,744,001	(67,538)
Special. . . . .	806,431	724,281	672,262	52,019
Support services:				
Pupil. . . . .	438,735	435,775	426,608	9,167
Instructional staff . . . . .	283,005	297,306	290,966	6,340
Board of education . . . . .	105,094	92,394	87,161	5,233
Administration. . . . .	693,262	725,119	714,549	10,570
Fiscal . . . . .	259,458	251,923	254,202	(2,279)
Operations and maintenance. . . . .	598,968	595,180	588,819	6,361
Pupil transportation . . . . .	531,109	502,840	510,207	(7,367)
Central	16,250	14,250	13,231	1,019
Operation of non-instructional	4,500	1,500	1,000	500
Extracurricular activities. . . . .	291,711	272,711	284,527	(11,816)
Facilities acquisition and construction. . . . .	4,672	16,358	16,366	(8)
Total expenditures . . . . .	<u>7,923,399</u>	<u>7,606,100</u>	<u>7,603,899</u>	<u>2,201</u>
Excess of revenues under expenditures. . . . .	<u>(579,606)</u>	<u>(371,807)</u>	<u>(341,045)</u>	<u>30,762</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure. . . . .	13,207	13,010	13,010	-
Transfers (out) . . . . .	(20,000)	(15,600)	(15,552)	48
Advances (out) . . . . .	(26,000)	-	-	-
Proceeds from sale of capital assets. . . . .	-	-	4,235	4,235
Total other financing sources (uses) . . . . .	<u>(32,793)</u>	<u>(2,590)</u>	<u>1,693</u>	<u>4,283</u>
Net change in fund balance . . . . .	(612,399)	(374,397)	(339,352)	35,045
<b>Fund balance at beginning of year. . . . .</b>	615,261	615,261	615,261	-
<b>Prior year encumbrances appropriated . . . . .</b>	41,339	41,339	41,339	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 44,201</u>	<u>\$ 282,203</u>	<u>\$ 317,248</u>	<u>\$ 35,045</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2004

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 40,541
Total assets. . . . .	\$ 40,541
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 316
Due to students . . . . .	40,225
Total liabilities . . . . .	\$ 40,541

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**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 496<sup>th</sup> largest by enrollment among the 613 public school districts in the state, and 4<sup>th</sup> largest in Crawford County. It currently operates 2 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 41 non-certified and 77 certified employees to provide services to 1,004 students in grades K through 12 and various community groups.

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

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

*JOINTLY GOVERNED ORGANIZATIONS*

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 of 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.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

*FIDUCIARY FUNDS*

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

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**D. Basis of Accounting**

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

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

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operation, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

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

**E. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds except agency funds. The specific timetable for fiscal year 2004 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 final budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2004.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

7. Appropriations 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 prior to June 30, 2004, however, none of these amendments were significant. The final budget figures, as shown in the accompanying budgetary statement, reflect the final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2004, investments were limited to certificates of deposit, investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal 2004. 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, 2004.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$20,758, which includes \$12,019 assigned from other funds.

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

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

**G. Inventory**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2004, the District increased its capitalization threshold from \$500 to \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2004, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2004, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

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

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

**L. Fund Balance Reserves and Designation**

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

**M. Net Assets**

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

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a textbook reserve. This reserve is required by state statute. A schedule of statutory reserves is presented in Note 16.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2004.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Changes in Accounting Principles and Restatement of Fund Balance**

For fiscal year 2004, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2003, there was no effect on fund balance as a result of implementing GASB Statements Nos. 37, 38 and 41.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the school district uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparison for the general and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The government-wide financial statements show the District's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

In addition to implementing GASB Statement No. 34, the District switched from the purchase method to the consumption method of accounting for inventory of materials and supplies. This change in accounting principle had no effect on fund balance at June 30, 2003.

***Governmental Activities - Fund Reclassification and Restatement of Fund Balance*** – The Food Service Fund has been reclassified to properly reflect its intended purpose in accordance with the Standards of GASB Statement No. 34. It was also determined that GASB Interpretation No. 6 had an effect on fund balance as previously reported at June 30, 2003.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

The fund reclassification and the implementation of GASB Interpretation No. 6 had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balance June 30, 2003	\$ 764,844	\$ 5,845	\$ 406,986	\$ 1,177,675
Fund reclassification	-	-	(31,048)	(31,048)
Implementation of GASB Interpretation No. 6	25,519	-	-	25,519
Restated fund balance, June 30, 2003	<u>\$ 790,363</u>	<u>\$ 5,845</u>	<u>\$ 375,938</u>	<u>\$ 1,172,146</u>

The transition from governmental fund balance to net assets of the governmental activities is presented as follows:

	<u>Total</u>
Restated fund balance, June 30, 2003	\$ 1,172,146
GASB 34 adjustments:	
Long-term (deferred) assets	453,456
Capital assets	1,841,815
Accrued interest payable	(5,684)
Long-term liabilities	(703,241)
Governmental activities net assets, June 30, 2003	<u>\$ 2,758,492</u>

**B. Deficit Fund Balances**

Fund balances at June 30, 2004 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
Food Service	\$ 21,450
Title VI-B	26,332

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**C. Expenditures Exceed Appropriations**

Expenditures exceeded appropriations in the general fund as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Regular Instruction	3,676,463	3,744,001	(67,538)
Fiscal	251,923	254,202	(2,279)
Pupil Transportation	502,840	510,207	(7,367)
Extracurricular activities	272,711	284,527	(11,816)
Facilities acquisition and construction	16,358	16,366	(8)

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

State 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 finance 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 deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
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 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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 180 days from the date of purchase in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or 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 \$8,321,751 and the bank balance was \$8,609,782, which includes certificates of deposit in the amount of \$8,294,000. Of the bank balance:

1. \$206,432 was covered by federal depository insurance deposited with the District; and
2. \$8,403,350 was collateralized by securities specifically pledged by the financial institution's qualified trustee to the District.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

*Investments:* The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal 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. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

	<u>Category 1</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Federal agency securities	<u>\$ 500,000</u>	\$ 500,000	\$ 500,000
Investment in STAR Ohio		<u>6,277,242</u>	<u>6,277,242</u>
Total investments		<u>\$ 6,777,242</u>	<u>\$ 6,777,242</u>

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 15,098,993	\$ -
Investments of the cash management pool:		
Investment in STAR Ohio	(6,277,242)	6,277,242
Federal agency securities	<u>(500,000)</u>	<u>500,000</u>
GASB Statement No. 3	<u>\$ 8,321,751</u>	<u>\$ 6,777,242</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund financial statements:

Transfer from General Fund to Debt Service Fund	\$ 15,552
Transfer from Nonmajor Governmental Funds to Nonmajor Governmental Funds	24,645

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

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

- B.** Interfund balances at June 30, 2004 as reported on the fund statements, consist of the following long-term loans to other funds.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2004 are reported on the statement of net assets.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by state statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

The amount available as an advance at June 30, 2004 was \$537,786 in the general fund and \$251,426 in the debt service fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2003 was \$994,243 in the general fund.

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 84,682,390	71.60	\$ 92,985,720	74.06
Public utility personal	4,558,310	3.85	4,648,110	3.70
Tangible personal property	<u>29,042,389</u>	<u>24.55</u>	<u>27,920,826</u>	<u>22.24</u>
Total	<u>\$ 118,283,089</u>	<u>100.00</u>	<u>\$ 125,554,656</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation	 \$ 49.60		 \$ 49.60	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

**Governmental Activities:**

Taxes	\$ 5,214,070
Accounts	974
Intergovernmental	15,912
Accrued interest	<u>78,442</u>
Total	<u>\$ 5,309,398</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in subsequent years.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 8 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated due to fund reclassifications, the change in capitalization threshold (See Note 2.H. for detail), asset category reclassifications, and the depreciation of capital assets in accordance with GASB Statement No. 34.

	<u>Balance</u> <u>6/30/03</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>6/30/03</u>
<b>Governmental Activities</b>			
Capital assets, not being depreciated:			
Land	\$ 154,670	\$ -	\$ 154,670
Total capital assets, not being depreciated	<u>154,670</u>	<u>-</u>	<u>154,670</u>
Capital assets, being depreciated:			
Land improvements	696,461	(44,713)	651,748
Buildings and improvements	2,767,138	(120,360)	2,646,778
Furniture and equipment	1,223,948	(896,869)	327,079
Vehicles	794,984	(2,850)	792,134
Total capital assets, being depreciated	<u>5,482,531</u>	<u>(1,064,792)</u>	<u>4,417,739</u>
<i>Less: accumulated depreciation:</i>	<u>-</u>	<u>(2,730,594)</u>	<u>(2,730,594)</u>
Governmental activities capital assets, net	<u>\$ 5,637,201</u>	<u>\$ (3,795,386)</u>	<u>\$ 1,841,815</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 8 - CAPITAL ASSETS - (Continued)**

**B.** Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Balance <u>06/30/03</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/04</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 154,670	\$ 21,720	\$ -	\$ 176,390
Construction in progress	<u>-</u>	<u>1,069,517</u>	<u>-</u>	<u>1,069,517</u>
Total capital assets, not being depreciated	<u>154,670</u>	<u>1,091,237</u>	<u>-</u>	<u>1,245,907</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	651,748	-	-	651,748
Buildings and improvements	2,646,778	-	-	2,646,778
Furniture and equipment	327,079	-	-	327,079
Vehicles	<u>792,134</u>	<u>-</u>	<u>-</u>	<u>792,134</u>
Total capital assets, being depreciated	<u>4,417,739</u>	<u>-</u>	<u>-</u>	<u>4,417,739</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(470,786)	(10,257)	-	(481,043)
Buildings and improvements	(1,692,759)	(44,812)	-	(1,737,571)
Furniture and equipment	(158,037)	(18,837)	-	(176,874)
Vehicles	<u>(409,012)</u>	<u>(42,493)</u>	<u>-</u>	<u>(451,505)</u>
Total accumulated depreciation	<u>(2,730,594)</u>	<u>(116,399)</u>	<u>-</u>	<u>(2,846,993)</u>
Governmental activities capital assets, net	<u>\$ 1,841,815</u>	<u>\$ 974,838</u>	<u>\$ -</u>	<u>\$ 2,816,653</u>

Depreciation expense was charged to governmental functions as follows:

Regular	\$ 31,799
Special	2,475
Vocational	6,405
<u>Support Services:</u>	
Pupil	1,012
Instructional staff	1,923
Board of Education	334
Administration	702
Fiscal	334
Operations and maintenance	8,808
Pupil transportation	46,116
Extracurricular activities	13,727
Food service operations	<u>2,764</u>
Total depreciation expense	<u>\$ 116,399</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 9 - CAPITAL LEASE - LESSEE DISCLOSURE**

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

Capital assets consisting of equipment have been capitalized in the amount of \$30,545. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2004 totaled \$6,884 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2004:

<u>Fiscal Year Ending June 30.</u>	<u>Amount</u>
2005	\$ 8,889
2006	8,889
2007	<u>5,926</u>
Total minimum lease payments	23,704
Less amount representing interest	<u>(2,421)</u>
Total	<u>\$ 21,283</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. The balance of the District's governmental activities long-term obligations at June 30, 2003 has been restated. The compensated absences liability increased \$37,167 from \$402,279 to \$439,446 due to the implementation of GASB Interpretation No. 6 and the fund reclassifications described in Note 3.A. Pension obligations of \$41,849 at June 30, 2003 are not reported as a component of governmental activities long-term obligations as they are paid within one year of fiscal year-end. Pension obligations are reported separately on the statement of net assets. The effect on the total governmental activities long-term obligations at July 1, 2003 was a decrease of \$4,682 from \$669,633 to \$664,951. During fiscal year 2004, the following changes occurred in governmental activities long-term obligations:

		Restated Balance Outstanding		Balance Outstanding		Amounts Due in One Year
Interest	Rate	06/30/03	Additions	Reductions	06/30/04	
<b>Governmental Activities:</b>						
<u>General Obligation Bonds:</u>						
School improvements bonds	2%-5%	\$ -	\$ 13,940,000	\$ -	#####	\$ 285,000
Capital appreciation bonds	12.18%	-	560,000	-	560,000	-
Accreted interest		-	40,900	-	40,900	-
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total general obligation bonds payable		<u>\$ -</u>	<u>\$ 14,540,900</u>	<u>\$ -</u>	<u>#####</u>	<u>\$ 285,000</u>
<u>Notes Payable:</u>						
Bond anticipation notes	1.004%	<u>\$ -</u>	<u>\$ 14,500,000</u>	<u>\$ (14,500,000)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligation		\$ 28,167	\$ -	\$ (6,884)	\$ 21,283	\$ 7,455
Bus garage loan payable		103,598	-	(18,473)	85,125	14,769
Water line project payable		93,740	-	(9,845)	83,895	10,436
Compensated absences		439,446	101,271	(57,111)	483,606	63,437
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total other long-term obligations		<u>\$ 664,951</u>	<u>\$ 101,271</u>	<u>\$ (92,313)</u>	<u>\$ 673,909</u>	<u>\$ 96,097</u>
Total governmental activities		<u>\$ 664,951</u>	<u>\$ 29,142,171</u>	<u>\$ (14,592,313)</u>	15,214,809	<u>\$ 381,097</u>
Add: Unamortized premium on bond issue					<u>423,918</u>	
Total on statement of net assets					#####	

B. Waterline Project - The District entered into an agreement with the Crawford County Commissioners on November 19, 1996 regarding costs for a water system improvement project in Sewer District No. 2. Under this agreement, the District will pay \$159,584 over a period of fifteen years in return for exemption from tap-in charges. Interest on this obligation will be calculated at a rate indexed to the rate of interest paid by the Crawford County Commissioners on its debt arising from this project. During fiscal year 2004, the District made \$9,845 in principal payments and \$5,736 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, 2004 reported in the statement of net assets is \$83,895.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

- C.** Bus Garage Loan - The District entered into a bus garage lease purchase agreement on September 10, 1998. Interest on this loan is a variable rate calculated at 75% of the Prime Rate in effect as of the first day of each month. During fiscal year 2004, the District made \$18,473 in principal payments and \$2,924 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, 2004 reported in the statement of net assets is \$85,125.
- D.** On July 2, 2003, the District issued \$14,500,000 in bond anticipation notes to begin various District building projects. The notes bore an annual interest rate of 1.004% and matured on December 18, 2003. The notes were retired using the proceeds from the District's \$14,500,000 bond issue on November 26, 2003.
- E.** During fiscal year 2004, the District issued \$14,500,000 in general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

This issue is comprised of both current interest bonds, par value \$13,940,000, and capital appreciation bonds, par value \$560,000. The interest rates on the current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds mature on January 15, 2015 (effective interest 4.35%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. A total of \$40,900 in accreted interest on the capital appreciation bonds has been included in the Statement of Net Assets at June 30, 2004.

Interest payments on the current interest bonds are due on January 15 and July 15 of each year. The final maturity stated in the issue is July 15, 2032.

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CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 285,000	\$ 690,425	\$ 975,425	\$ -	\$ -	\$ -
2006	290,000	587,289	877,289	-	-	-
2007	295,000	581,452	876,452	-	-	-
2008	340,000	574,896	914,896	-	-	-
2009	345,000	566,847	911,847	-	-	-
2010 - 2014	765,000	2,706,101	3,471,101	1,285,000	-	1,285,000
2015 - 2019	1,985,000	2,542,216	4,527,216	460,000	-	460,000
2020 - 2024	3,030,000	1,991,491	5,021,491	-	-	-
2025 - 2029	3,830,000	1,219,635	5,049,635	-	-	-
2030 - 2032	2,775,000	277,875	3,052,875	-	-	-
Total	<u>\$ 13,940,000</u>	<u>\$ 11,738,227</u>	<u>\$ 25,678,227</u>	<u>\$ 1,745,000</u>	<u>\$ -</u>	<u>\$ 1,745,000</u>

**F. 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, 2004, are a voted debt margin of \$12,086,062 (including available funds of \$786,143) and an unvoted debt margin of \$125,555.

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

**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 motorists. Property is protected by Cincinnati Insurance Company and holds a \$2,500 deductible. Real property and contents are 100% coinsured.

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

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2003.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**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 13. As such, no funding provisions are required by the District.

**C. Workers' Compensation**

For fiscal year 2004, 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.

**NOTE 12 - 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate of 14% for 2004, 9.09% 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, 2004, 2003, and 2002 were \$128,726, \$124,564, and \$122,455, respectively; 51.65% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$62,244 represents the unpaid contribution for fiscal year 2004.

**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.

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.



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 10% 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, 2004, 2003, and 2002 were \$498,380, \$517,072, and \$483,205, respectively; 82.61% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$86,648 represents the unpaid contribution for fiscal year 2004.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2004, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For 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 \$35,736 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$2.8 billion at June 30, 2003 (the latest information available). For the fiscal year ended June 30, 2003 (the latest information available), net health care costs paid by STRS were \$352.301 million and STRS had 108,294 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 4.91% 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 2004, the minimum pay has been established at \$14,500. 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204.931 million and the target level was \$307.4 million. At June 30, 2003, (the latest information available) SERS had net assets available for payment of health care benefits of \$303.6 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 \$55,389 during the 2004 fiscal year.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

<b>Net Change in Fund Balance</b>	
	<u>General Fund</u>
Budget basis	\$ (339,352)
Net adjustment for revenue accruals	(455,977)
Net adjustment for expenditure accruals	45,491
Net adjustment for other sources/uses	(13,010)
Adjustment for encumbrances	<u>22,421</u>
GAAP basis	<u>\$ (740,427)</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2004.

**B. Litigation**

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

**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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 16 - 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, 2004, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Reserve</u>
Set-aside cash balance as of June 30, 2003	\$ 78,733	\$ 42,894	\$ 51,002
Current year set-aside requirement	130,000	130,000	-
Current year offsets	-	-	(51,002)
Qualifying disbursements	<u>(61,387)</u>	<u>(878,572)</u>	<u>-</u>
 Total	 <u>\$ 147,346</u>	 <u>\$ (705,678)</u>	 <u>\$ -</u>
 Cash balance carried forward to FY 2005	 <u>\$ 147,346</u>	 <u>\$ -</u>	 <u>\$ -</u>

A schedule of the restricted assets at June 30, 2004 follows:

Amounts restricted for textbooks	<u>\$ 147,346</u>
 Total restricted assets	 <u>\$ 147,346</u>

**NOTE 17 – SUBSEQUENT EVENTS**

On October 19, 2004, the Board of Education passed a resolution providing for the issuance and sale of \$647,000 of notes, in anticipation of the issuance of bonds, for the purpose of constructing, furnishing and equipping a new elementary and middle school building for students in preschool through eighth grade, and renovating, remodeling, adding to, furnishing, equipping and otherwise improving existing District buildings and facilities and their site, to create a central campus for the District. This \$647,000 represents the remainder of the \$15,147,000 bond levy approved by the voters on May 6, 2003. The \$14,500,000 bonds were issued in November 2003. The \$647,000 bonds to replace the bond anticipation notes have an estimated issuance date of November 1, 2005.

On September 27, 2004, the Board of Education approved the following listing of contractors as the principal firms responsible for the construction and furnishing requirements of the new PK-8 school facility. The intent to award contracts were as follows:

<b>Bid Package</b>	<b>Contractor/Firm</b>	<b>Amount</b>
General Trades	Adena Corp.	\$6,727,600
Casework	Custom Fabricators	\$324,500
Technology Infrastructure	Data Cabling Systems	\$119,536
Plumbing/HVAC	Universal Refrigeration	\$2,156,802
Electrical	Vaughn Industries	\$1,514,200
Fire Protection	Vulcan Fire Protection	\$176,145
Food Service	Wasserstrom Company	\$280,435



## 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 financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Colonel Crawford Local School District, Crawford County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 24, 2004, wherein we noted the District adopted Governmental Accounting Standards Board Statement No. 34. 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 directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report 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 opinions 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.

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

This report is intended solely 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

November 24, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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Columbus, Ohio 43216-1140

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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  
FEBRUARY 10, 2005**