

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2008, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

April 8, 2009

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities decreased \$200,636 which represents a 4.03% decrease from 2007.
- General revenues accounted for \$7,898,837 in revenue or 80.26% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,942,942 or 19.74% of total revenues of \$9,841,779.
- The District had \$10,042,415 in expenses related to governmental activities; \$1,942,942 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 \$7,898,837 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the debt service fund. The general fund had \$7,890,605 in revenues and other financing sources and \$8,277,672 in expenditures and other financing uses. During fiscal year 2008, the general fund's fund balance decreased \$387,067 from \$1,653,829 to \$1,266,762.
- The debt service fund had \$11,011,080 in revenues and other financing sources and \$10,998,664 in expenditures and other financing uses. During fiscal year 2008, the debt service fund's fund balance increased \$12,416 from \$948,524 to \$960,940.

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 and the debt service fund are by far the most significant funds, and the only governmental funds reported as major funds.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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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 2008?" 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 of non-instructional services, and extracurricular activities.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial statements 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 and the debt service 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* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also 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 separate statements of fiduciary net assets and changes in fiduciary net assets on pages 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-50 of this report.

The District as a Whole

Recall that the statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2008 and June 30, 2007.

	Net Assets	
	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>		
Current and other assets	\$ 6,533,649	\$ 6,939,583
Capital assets, net	16,689,317	16,945,599
Total assets	23,222,966	23,885,182
<u>Liabilities</u>		
Current liabilities	3,558,348	3,917,125
Long-term liabilities	14,886,528	14,989,331
Total liabilities	18,444,876	18,906,456
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,792,940	2,872,197
Restricted	1,392,460	1,477,344
Unrestricted	592,690	629,185
Total net assets	\$ 4,778,090	\$ 4,978,726

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$4,778,090. Of this total, \$1,392,460 is restricted in use.

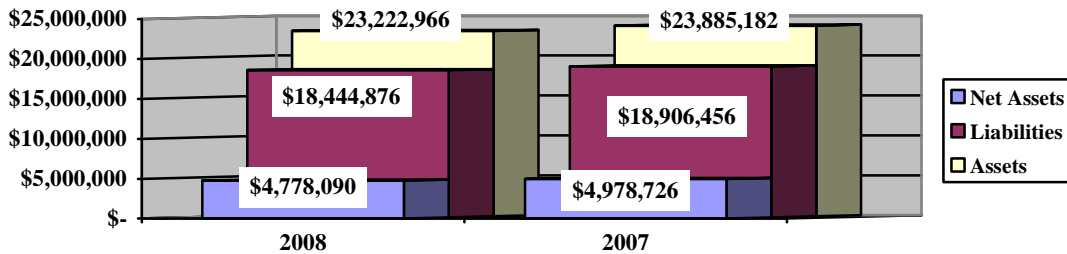
**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

At year-end, capital assets represented 71.87% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$2,792,940. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,392,460, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$592,690 may be used to meet the District's ongoing obligations to the students and creditors.

Governmental Activities



The table below shows the change in net assets for fiscal year 2008 and 2007.

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,284,106	\$ 1,104,236
Operating grants and contributions	651,518	695,370
Capital grants and contributions	7,318	18,535
General revenues:		
Property taxes	3,699,206	4,545,347
Income taxes	344,540	-
Grants and entitlements	3,710,750	3,435,078
Investment earnings	125,814	174,211
Other	<u>18,527</u>	<u>788</u>
Total revenues	<u>9,841,779</u>	<u>9,973,565</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,217,108	\$ 3,758,118
Special	1,121,011	1,125,362
Vocational	7,122	12,935
Other	3,926	-
Support services:		
Pupil	463,206	322,568
Instructional staff	239,840	189,764
Board of education	32,934	69,345
Administration	638,376	628,744
Fiscal	330,587	306,931
Business	234	131
Operations and maintenance	782,427	784,984
Pupil transportation	581,144	565,238
Central	41,473	66,360
Operations of non-instructional services:		
Other non-instructional services	44,644	36,559
Food service operations	370,359	323,033
Extracurricular activities	353,709	335,139
Interest and fiscal charges	<u>814,315</u>	<u>415,195</u>
Total expenses	<u>10,042,415</u>	<u>8,940,406</u>
Change in net assets	(200,636)	1,033,159
Net assets at beginning of year	<u>4,978,726</u>	<u>3,945,567</u>
Net assets at end of year	<u>\$ 4,778,090</u>	<u>\$ 4,978,726</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$200,636. Total governmental expenses of \$10,042,415 were offset by program revenues of \$1,942,942 and general revenues of \$7,898,837. Program revenues supported 19.35% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These revenue sources represent 78.79% of total governmental revenue.

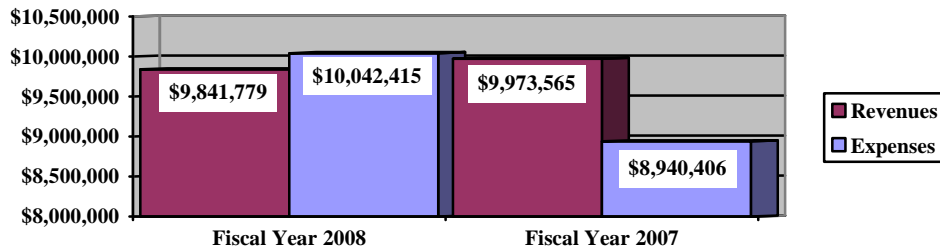
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,349,167 or 53.27% of total governmental expenses for fiscal year 2008.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The graph below presents the District's governmental activities revenue and expenses for fiscal year 2008 and 2007.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

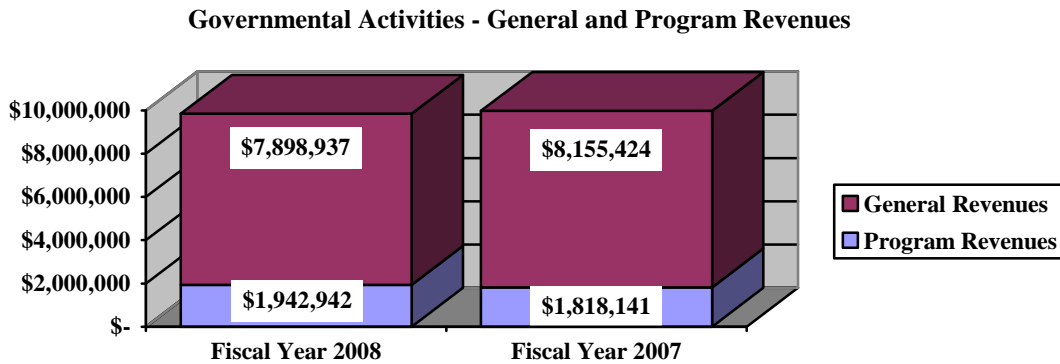
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses				
Instruction:				
Regular	\$ 4,217,108	\$ 3,411,004	\$ 3,758,118	\$ 3,035,216
Special	1,121,011	509,559	1,125,362	593,847
Vocational	7,122	5,823	12,935	10,645
Other	3,926	3,926	-	-
Support services:				
Pupil	463,206	441,118	322,568	275,676
Instructional staff	239,840	227,813	189,764	175,414
Board of education	32,934	32,934	69,345	69,345
Administration	638,376	638,376	628,744	628,744
Fiscal	330,587	330,587	306,931	306,931
Business	234	234	131	131
Operations and maintenance	782,427	782,427	784,984	781,581
Pupil transportation	581,144	562,685	565,238	541,013
Central	41,473	36,473	66,360	61,360
Operations of non-instructional services:				
Operations of non-instructional services	44,644	44,644	36,559	36,559
Food service operations	370,359	27,991	323,033	(32,222)
Extracurricular activities	353,709	229,564	335,139	222,830
Interest and fiscal charges	814,315	814,315	415,195	415,195
Total expenses	\$ 10,042,415	\$ 8,099,473	\$ 8,940,406	\$ 7,122,265

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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The dependence upon tax and other general revenues for governmental activities is apparent, 73.48% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.65%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2008 and 2007.



The District's Funds

The District's governmental funds reported a combined fund balance of \$2,757,600, which is less than last year's total of \$3,074,237. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and June 30, 2007.

	<u>Fund Balance</u> <u>June 30, 2008</u>	<u>Fund Balance</u> <u>June 30, 2007</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
General	\$ 1,266,762	\$ 1,653,829	\$ (387,067)	(23.40) %
Debt Service	960,940	948,524	12,416	1.31 %
Other Governmental	<u>529,898</u>	<u>471,884</u>	<u>58,014</u>	12.29 %
Total	<u>\$ 2,757,600</u>	<u>\$ 3,074,237</u>	<u>\$ (316,637)</u>	(10.30) %

General Fund

The District's general fund balance decreased \$387,067. The decrease in fund balance can be attributed to several items related to decreasing revenues and increased expenditures. Expenditures were kept down in efforts to maintain a larger carry over to makeup for the initial year of anticipated income tax revenue and the loss of the Emergency Levy not being put on the ballot. Expenditures still exceed revenues for fiscal year 2008 by \$38,561 due to many factors. One factor being a reopener of salary increase for the last year of negotiated agreements. Another large purchase was a much needed school bus to replace an aging fleet with more being forecasted for the ensuing years. One final factor would be purchases made to replace aging textbooks and teaching aides necessary to make up the lack of HB412 qualifying expenditures.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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

	2008 <u>Amount</u>	2007 <u>Amount</u>	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 3,364,531	\$ 3,747,369	\$ (382,838)	(10.22) %
Earnings on investments	117,599	144,543	(26,944)	(18.64) %
Intergovernmental	3,463,364	3,373,756	89,608	2.66 %
Other revenues	<u>945,111</u>	<u>758,553</u>	<u>186,558</u>	24.59 %
Total	<u>\$ 7,890,605</u>	<u>\$ 8,024,221</u>	<u>\$ (133,616)</u>	(1.67) %
<u>Expenditures</u>				
Instruction	\$ 4,592,776	\$ 4,455,269	\$ 137,507	3.09 %
Support services	3,026,442	2,838,933	187,509	6.60 %
Non-instructional services	35,852	1,805	34,047	1,886.26 %
Extracurricular activities	257,731	241,197	16,534	6.85 %
Facilities acquisition and construction	784	-	784	100.00 %
Debt service	<u>15,581</u>	<u>21,507</u>	<u>(5,926)</u>	(27.55) %
Total	<u>\$ 7,929,166</u>	<u>\$ 7,558,711</u>	<u>\$ 370,455</u>	4.90 %

Debt Service Fund

The debt service fund had \$11,011,080 in revenues and other financing sources and \$10,998,664 in expenditures and other financing uses. During fiscal year 2008, the debt service fund's fund balance increased \$12,416 from \$948,524 to \$960,940.

General Fund Budgeting Highlights

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

During the course of fiscal year 2008, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$7,758,941 and final budgeted revenues and other financing sources were \$7,726,999. Actual revenues and other financing sources for fiscal year 2008 was \$7,647,606. This represents a \$79,393 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$8,154,523, which were increased to \$8,612,742 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$8,360,330, which was \$252,412 less than the final budget appropriations.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the District had \$16,689,317 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2008 balances compared to June 30, 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 204,654	\$ 204,654
Land improvements	181,211	194,465
Building and improvements	15,447,182	15,750,846
Furniture and equipment	484,177	504,686
Vehicles	324,827	290,948
Construction in progress	47,266	-
Total	\$ 16,689,317	\$ 16,945,599

The overall decrease in capital assets of \$256,282 is due to depreciation expense of \$452,086 exceeding capital outlay of \$195,804 in the fiscal year.

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

Debt Administration

At June 30, 2008, the District had \$14,025,713 in general obligation bonds, \$5,537 in bus garage loans, \$38,241 in water line project payable, and \$59,592 in a lease purchase agreement outstanding. Of this total, \$442,874 is due within one year and \$13,686,209 is due in greater than one year. The following table summarizes the bonds, capital lease obligations, loans and water line project payable outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2008	2007
General obligation bonds	\$ 14,025,713	\$ 13,928,954
Bus garage loans	5,537	26,866
Water line project payable	38,241	50,671
Lease purchase agreement	59,592	75,950
Total	\$ 14,129,083	\$ 14,082,441

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 was completed entirely with local funds opened in September 2006. Notes and bonds for the new building were issued during fiscal year 2004 and refunded in fiscal year 2008, which 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 ten teaching positions and three administrative positions have been eliminated since the end of fiscal year 2003 and other expenses were reduced as far as possible to allow the District to operate 'in the black' for the fiscal year 2006. A 1.25% tax on all income passed on the February 2007 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 need for operating funds.

The Board of Education chose to not place the \$410,000 Emergency Levy last billed in tax year 2006, collected in tax year 2007, back on the ballot.

Contacting the District's Financial Management

This financial report is designed to provide our citizens taxpayers, and 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. Vickey Stump, Treasurer, Colonel Crawford Local School District, 2303 St. Rt. 602, P.O. Box 7, North Robinson, Ohio 44856-0007.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 2,134,331
Receivables:	
Taxes	3,832,625
Accounts	399
Intergovernmental	341,201
Accrued interest	1,172
Prepayments	42,966
Materials and supplies inventory	18,843
Unamortized bond issue costs	162,112
Capital assets:	
Land	204,654
Construction in progress.	47,266
Depreciable capital assets, net	16,437,397
Capital assets, net.	<u>16,689,317</u>
 Total assets.	 <u>23,222,966</u>
 Liabilities:	
Accounts payable.	16,087
Contracts payable.	47,266
Accrued wages and benefits	852,644
Compensated absences payable	124,313
Pension obligation payable.	159,819
Intergovernmental payable	17,620
Unearned revenue	2,095,879
Accrued interest payable	244,720
Long-term liabilities:	
Due within one year.	481,632
Due in more than one year	14,404,896
 Total liabilities	 <u>18,444,876</u>
 Net assets:	
Invested in capital assets, net of related debt.	2,792,940
Restricted for:	
Capital projects	383,380
Debt service.	751,635
Locally funded programs.	1,097
State funded programs.	4,748
Federally funded programs	5,262
Student activities	44,871
Public school support	16,847
Other purposes	184,620
Unrestricted	<u>592,690</u>
 Total net assets	 <u>\$ 4,778,090</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

	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
Governmental activities:					
Instruction:					
Regular	\$ 4,217,108	\$ 797,247	\$ 8,857	\$ -	\$ (3,411,004)
Special	1,121,011	112,012	499,440	-	(509,559)
Vocational	7,122	-	1,299	-	(5,823)
Other	3,926	-	-	-	(3,926)
Support services:					
Pupil	463,206	-	22,088	-	(441,118)
Instructional staff	239,840	-	12,027	-	(227,813)
Board of education	32,934	-	-	-	(32,934)
Administration	638,376	-	-	-	(638,376)
Fiscal	330,587	-	-	-	(330,587)
Business	234	-	-	-	(234)
Operations and maintenance	782,427	-	-	-	(782,427)
Pupil transportation	581,144	-	11,141	7,318	(562,685)
Central	41,473	-	5,000	-	(36,473)
Operation of non-instructional services:					
Other non-instructional services	44,644	-	-	-	(44,644)
Food service operations	370,359	250,874	91,494	-	(27,991)
Extracurricular activities	353,709	123,973	172	-	(229,564)
Interest and fiscal charges	814,315	-	-	-	(814,315)
Total governmental activities	\$ 10,042,415	\$ 1,284,106	\$ 651,518	\$ 7,318	\$ (8,099,473)

General revenues:

Property taxes levied for:

General purposes	2,972,420
Debt service	726,786
School district income tax	344,540
Grants and entitlements not restricted to specific programs	3,710,750
Investment earnings	125,814
Miscellaneous	18,527
Total general revenues	7,898,837

Change in net assets (200,636)

Net assets at beginning of year 4,978,726

Net assets at end of year \$ 4,778,090

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 608,643	\$ 681,033	\$ 740,222	\$ 2,029,898
Receivables:				
Taxes	3,064,030	768,595	-	3,832,625
Accounts	399	-	-	399
Intergovernmental	283,275	-	57,926	341,201
Accrued interest	1,172	-	-	1,172
Loans to other funds	618	-	-	618
Prepayments	42,966	-	-	42,966
Materials and supplies inventory	16,814	-	2,029	18,843
Restricted assets:				
Equity in pooled cash and cash equivalents	104,433	-	-	104,433
Total assets	<u>\$ 4,122,350</u>	<u>\$ 1,449,628</u>	<u>\$ 800,177</u>	<u>\$ 6,372,155</u>
Liabilities:				
Accounts payable	\$ 13,906	\$ -	\$ 2,181	\$ 16,087
Contracts payable	-	-	47,266	47,266
Accrued wages and benefits	774,102	-	78,542	852,644
Compensated absences payable	-	-	124,313	124,313
Pension obligation payable.	143,611	-	16,208	159,819
Intergovernmental payable.	16,469	-	1,151	17,620
Loans from other funds	-	-	618	618
Deferred revenue.	264,894	35,415	-	300,309
Unearned revenue	1,642,606	453,273	-	2,095,879
Total liabilities	<u>2,855,588</u>	<u>488,688</u>	<u>270,279</u>	<u>3,614,555</u>
Fund balances:				
Reserved for encumbrances	88,218	-	84,534	172,752
Reserved for materials and supplies inventory.	16,814	-	2,029	18,843
Reserved for prepayments	42,966	-	-	42,966
Reserved for property tax unavailable for appropriation	1,025,862	279,907	-	1,305,769
Reserved for internal loans	618	-	-	618
Reserved for textbooks.	104,433	-	-	104,433
Reserved for debt service.	-	681,033	-	681,033
Unreserved:				
Designated for termination benefits.	-	-	80,187	80,187
Undesignated (deficit), reported in:				
General fund	(12,149)	-	-	(12,149)
Special revenue funds	-	-	62,822	62,822
Capital projects funds	-	-	300,326	300,326
Total fund balances	<u>1,266,762</u>	<u>960,940</u>	<u>529,898</u>	<u>2,757,600</u>
Total liabilities and fund balances	<u>\$ 4,122,350</u>	<u>\$ 1,449,628</u>	<u>\$ 800,177</u>	<u>\$ 6,372,155</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008**

Total governmental fund balances		\$ 2,757,600
 <i>Amounts reported for governmental activities on 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.		16,689,317
Other long-term receivables are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 161,159	
Intergovernmental revenue	<u>139,150</u>	
Total		300,309
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(244,720)
Unamortized bond issuance costs are not recognized in the funds.		162,112
Unamortized premiums on bond issuance are not recognized in the funds.		(741,806)
Unamortized deferred charges on refundings are not recognized in the funds.		401,687
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	(417,326)	
Loans payable	(43,778)	
Lease purchase agreement	(59,592)	
General obligation bonds payable	<u>(14,025,713)</u>	
Total		<u>(14,546,409)</u>
Net assets of governmental activities		<u>\$ 4,778,090</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 3,364,531	\$ 730,676	\$ -	\$ 4,095,207
Tuition.	823,059	-	-	823,059
Charges for services.	-	-	250,874	250,874
Earnings on investments.	117,599	-	8,335	125,934
Extracurricular.	22,212	-	95,104	117,316
Classroom materials and fees	62,504	-	1,387	63,891
Other local revenues.	37,336	2,424	11,905	51,665
Intergovernmental - intermediate	12,624	-	-	12,624
Intergovernmental - state.	3,339,706	258,140	35,392	3,633,238
Intergovernmental - federal	111,034	-	495,431	606,465
Total revenue	<u>7,890,605</u>	<u>991,240</u>	<u>898,428</u>	<u>9,780,273</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,845,532	-	159,141	4,004,673
Special.	743,318	-	360,381	1,103,699
Other.	3,926	-	-	3,926
Support services:				
Pupil.	422,992	-	34,369	457,361
Instructional staff	211,662	-	13,626	225,288
Board of education	32,559	-	-	32,559
Administration.	646,479	-	2,800	649,279
Fiscal	306,617	23,534	-	330,151
Business	234	-	-	234
Operations and maintenance.	767,172	-	-	767,172
Pupil transportation	603,770	-	-	603,770
Central.	34,957	-	6,516	41,473
Operation of non-instructional services:				
Food service operations	-	-	353,011	353,011
Other non-instructional services.	35,852	-	-	35,852
Extracurricular activities.	257,731	-	86,570	344,301
Facilities acquisition and construction	784	-	130,176	130,960
Debt service:				
Principal retirement	12,430	471,329	16,358	500,117
Interest and fiscal charges	3,151	443,932	3,466	450,549
Bond issuance costs	-	161,605	-	161,605
Total expenditures	<u>7,929,166</u>	<u>1,100,400</u>	<u>1,166,414</u>	<u>10,195,980</u>
Excess of expenditures over revenues.	<u>(38,561)</u>	<u>(109,160)</u>	<u>(267,986)</u>	<u>(415,707)</u>
Other financing sources (uses):				
Sale of refunding bonds.	\$ -	\$ 9,515,000	\$ -	\$ 9,515,000
Premium on refunding bonds	-	482,334	-	482,334
Payment to refunded bond escrow agent.	-	(9,898,264)	-	(9,898,264)
Transfers in	-	22,506	326,000	348,506
Transfers (out).	(348,506)	-	-	(348,506)
Total other financing sources (uses)	<u>(348,506)</u>	<u>121,576</u>	<u>326,000</u>	<u>99,070</u>
Net change in fund balances	(387,067)	12,416	58,014	(316,637)
Fund balances at beginning of year	<u>1,653,829</u>	<u>948,524</u>	<u>471,884</u>	<u>3,074,237</u>
Fund balances at end of year.	<u>\$ 1,266,762</u>	<u>\$ 960,940</u>	<u>\$ 529,898</u>	<u>\$ 2,757,600</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds		\$ (316,637)
<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 depreciation expense exceeds capital outlay in the current period.		
Capital asset additions	\$ 195,804	
Current year depreciation	<u>(452,086)</u>	
Total		(256,282)
 Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		500,117
 The issuance of refunding bonds is recorded as an other financing source in the governmental funds; however, the proceeds increase long-term liabilities on the statement net assets.		
		(9,515,000)
 Payments to refunding bond escrow agents are an other financing use in the governmental funds, but the payment reduces long-term liabilities on the statement of net assets.		
		9,898,264
 Premiums on refunding bonds are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		(482,334)
 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.		
		161,605
 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 following:		
Increase in accrued interest payable	(244,053)	
Accreted interest on "capital appreciation bonds"	(111,759)	
Amortization of bond issuance costs	(12,303)	
Amortization of bond premiums	28,978	
Amortization of deferred charges on refundings	<u>(24,629)</u>	
Total		(363,766)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(51,461)	
Intergovernmental	<u>112,967</u>	
Total		61,506
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>111,891</u>
Change in net assets of governmental activities		<u>\$ (200,636)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
Revenues:				
From local sources:				
Taxes	\$ 3,297,998	\$ 3,247,301	\$ 3,250,673	\$ 3,372
Tuition	835,041	804,735	823,059	18,324
Earnings on investments	118,122	133,564	116,427	(17,137)
Extracurricular	22,535	23,200	22,212	(988)
Classroom materials and fees	63,433	61,271	62,523	1,252
Other local revenues	41,145	47,912	40,555	(7,357)
Intergovernmental - Intermediate	12,809	12,625	12,625	-
Intergovernmental - State	3,347,985	3,373,985	3,299,944	(74,041)
Intergovernmental - Federal	6,768	6,671	6,671	-
Total revenue	<u>7,745,836</u>	<u>7,711,264</u>	<u>7,634,689</u>	<u>(76,575)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,774,428	3,974,326	3,869,686	104,640
Special	735,506	763,506	754,069	9,437
Other	7,433	7,621	7,621	-
Support services:				
Pupil	405,160	419,038	415,386	3,652
Instructional staff	203,624	214,856	208,763	6,093
Board of education	26,592	47,755	27,263	20,492
Administration	612,439	635,639	627,896	7,743
Fiscal	303,021	319,172	310,669	8,503
Business	228	234	234	-
Operations and maintenance	797,982	832,971	818,122	14,849
Pupil transportation	607,099	673,380	622,421	50,959
Central	38,296	56,198	39,263	16,935
Operation of non-instructional	28,552	32,406	29,273	3,133
Extracurricular activities	250,434	259,415	256,755	2,660
Facilities acquisition and construction	15,962	16,548	16,365	183
Total expenditures	<u>7,806,756</u>	<u>8,253,065</u>	<u>8,003,786</u>	<u>249,279</u>
Deficiency of revenues under expenditures	<u>(60,920)</u>	<u>(541,801)</u>	<u>(369,097)</u>	<u>172,704</u>
Other financing sources (uses):				
Refund of prior year expenditure	4,557	4,492	4,492	-
Transfers in	8,155	11,171	8,038	(3,133)
Transfers (out)	(347,767)	(359,677)	(356,544)	3,133
Advances in	73	72	72	-
Sale of capital assets	320	-	315	315
Total other financing sources (uses)	<u>(334,662)</u>	<u>(343,942)</u>	<u>(343,627)</u>	<u>315</u>
Net change in fund balance	(395,582)	(885,743)	(712,724)	173,019
Fund balance at beginning of year	1,301,403	1,301,403	1,301,403	-
Prior year encumbrances appropriated	22,910	22,910	22,910	-
Fund balance at end of year	<u>\$ 928,731</u>	<u>\$ 438,570</u>	<u>\$ 611,589</u>	<u>\$ 173,019</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 3,413	\$ 146,464
Total assets.	<u>3,413</u>	<u>\$ 146,464</u>
Liabilities:		
Accounts payable.	-	\$ 195
Due to students	-	40,265
Retainage payable.	-	106,004
Total liabilities	<u>-</u>	<u>\$ 146,464</u>
Net assets:		
Held in trust for scholarships	<u>3,413</u>	
Total net assets	<u>\$ 3,413</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2008**

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 6,363
Total additions.	6,363
Deductions:	
Scholarships awarded	3,500
Total deductions.	3,500
Change in net assets	2,863
Net assets at beginning of year.	550
Net assets at end of year	\$ 3,413

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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 498th largest by enrollment among the 896 public and community school districts in the state, and the 4th largest in Crawford County. It currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District employs 43 non-certified and 68 certified employees to provide services to 976 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" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". When applying GASB Statement No. 14 and GASB Statement No. 39, management has considered all potential component units.

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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

The following organizations are described due to their relationship with the District:

JOINT VENTURE WITHOUT EQUITY INTEREST

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2008, the District paid \$61,677 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students. 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 statements for governmental funds.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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, income 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, income taxes, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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. Allocations 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 2008 is as follows:

1. Prior to January 15, 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 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 of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2008.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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 reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

The District has invested funds in STAR Ohio during fiscal year 2008. 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 shares price which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$117,599, which includes \$65,520 assigned from other funds.

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

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

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded 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**

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

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. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

I. Interfund Balances

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

J. Compensated Absences

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2008, 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 sick leave 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 sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, 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, loans 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 payments of those benefits.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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 first 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. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized bond issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

P. 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

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

Q. Restricted Assets

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

R. 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 basic financial statements.

S. 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 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 14,034
Ohio reads	618
Title VI-B	447

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies 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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$85,669. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$229,709 of the District's bank balance of \$346,700 was exposed to custodial risk as discussed below, while \$116,991 was covered by the Federal Deposit Insurance Corporation.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
STAR Ohio	<u>\$ 2,198,539</u>	<u>\$ 2,198,539</u>

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

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAA money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	<u>\$ 2,198,539</u>	<u>100.00</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 85,669
Investments	<u>2,198,539</u>
Total	<u>\$ 2,284,208</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,134,331
Private-purpose trust funds	3,413
Agency funds	<u>146,464</u>
Total	<u>\$ 2,284,208</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Debt service	\$ 22,506
Nonmajor governmental funds	326,000

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, 2008 as reported on the fund statements, consist of the following long-term loans to other funds.

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

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2008 are reported on the statement of net assets.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 6 - TAXES

A. Property Taxes

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

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 year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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 year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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 Auditors by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date tax bills are sent.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 6 - TAXES - (Continued)

A. Property Taxes (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 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 unearned revenue.

The amount available as an advance at June 30, 2008 was \$1,025,862 in the general fund and \$279,907 in the debt service fund. This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$1,181,822 in the general fund and \$283,165 in the debt service fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 105,872,270	85.04	\$ 94,878,814	88.79
Public utility personal	4,495,440	3.61	4,495,440	4.21
Tangible personal property	<u>14,132,530</u>	<u>11.35</u>	<u>7,482,260</u>	<u>7.00</u>
Total	<u>\$ 124,500,240</u>	<u>100.00</u>	<u>\$ 106,856,514</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$55.80		\$52.50

B. School District Income Taxes

In February 2007, the District passed a 1.25% continuing earned income only tax for general operations of the District. Employers and residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax collection began in January 2008. Income tax is credited to the general fund.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 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	\$ 3,832,625
Accounts	399
Intergovernmental	341,201
Accrued interest	<u>1,172</u>
Total	<u>\$ 4,174,225</u>

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance</u>		<u>Balance</u>
	<u>06/30/07</u>	<u>Additions</u>	<u>06/30/08</u>
		<u>Deductions</u>	
<i>Governmental activities:</i>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 204,654	\$ -	\$ 204,654
Construction in progress	<u>-</u>	<u>47,266</u>	<u>47,266</u>
Total capital assets, not being depreciated	<u>204,654</u>	<u>47,266</u>	<u>251,920</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	689,898	-	689,898
Buildings and improvements	17,659,016	40,811	17,699,827
Furniture and equipment	643,387	33,827	667,302
Vehicles	<u>828,157</u>	<u>73,900</u>	<u>841,990</u>
Total capital assets, being depreciated	<u>19,820,458</u>	<u>148,538</u>	<u>19,899,017</u>
<i>Less: accumulated depreciation</i>			
Land improvements	(495,433)	(13,254)	(508,687)
Buildings and improvements	(1,908,170)	(344,475)	(2,252,645)
Furniture and equipment	(138,701)	(54,336)	(183,125)
Vehicles	<u>(537,209)</u>	<u>(40,021)</u>	<u>(517,163)</u>
Total accumulated depreciation	<u>(3,079,513)</u>	<u>(452,086)</u>	<u>(3,461,620)</u>
Governmental activities capital assets, net	<u>\$ 16,945,599</u>	<u>\$ (256,282)</u>	<u>\$ 16,689,317</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 292,008
Special	18,470
Vocational	7,122
<u>Support services:</u>	
Pupil	4,558
Instructional staff	12,765
Board of education	375
Administration	8,390
Fiscal	375
Operations and maintenance	15,103
Pupil transportation	43,644
Extracurricular activities	9,408
Food service operations	<u>39,868</u>
Total depreciation expense	<u>\$ 452,086</u>

NOTE 9 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

In fiscal year 2006, the District entered into a lease purchase agreement for a new roof. This lease purchase agreement meets 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 buildings and improvements have been capitalized in the amount of \$131,140. This amount represents the present value of the minimum lease payments at the time of acquisition. A liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2008 totaled \$16,358 paid by a nonmajor capital projects fund.

The following is a schedule of the future long-term minimum lease payments required under the lease purchase agreement and the present value of the future minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30.</u>	<u>Amount</u>
2009	\$ 30,539
2010	<u>30,633</u>
Total minimum lease payments	61,172
Less: amount representing interest	<u>(1,580)</u>
Total	<u>\$ 59,592</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	Interest Rate	Balance Outstanding 06/30/07	Additions	Reductions	Balance Outstanding 06/30/08	Amounts Due in One Year
Governmental activities:						
<u>General obligation bonds:</u>						
Series 2004 Issue:						
Current interest bonds	2%-5%	\$ 13,070,000	\$ -	\$ (9,420,000)	\$ 3,650,000	\$ 345,000
Capital appreciation bonds	12.18%	560,000	-	-	560,000	-
Accreted interest		298,954	107,559	-	406,513	-
Series 2007 Issue:						
School improvements bonds	4%-5%	-	9,305,000	(110,000)	9,195,000	50,000
Capital appreciation bonds	9.742%	-	210,000	-	210,000	-
Accreted interest		-	4,200	-	4,200	-
Total general obligation bonds payable		<u>\$ 13,928,954</u>	<u>\$ 9,626,759</u>	<u>\$ (9,530,000)</u>	<u>\$ 14,025,713</u>	<u>\$ 395,000</u>
<u>Other long-term obligations:</u>						
Bus garage loan payable		\$ 26,866	\$ -	\$ (21,329)	\$ 5,537	\$ 5,537
Water line project payable		50,671	-	(12,430)	38,241	13,175
Lease purchase agreement		75,950	-	(16,358)	59,592	29,162
Compensated absences		529,217	48,942	(160,833)	417,326	38,758
Total other long-term obligations		<u>\$ 682,704</u>	<u>\$ 48,942</u>	<u>\$ (210,950)</u>	<u>\$ 520,696</u>	<u>\$ 86,632</u>
Total governmental activities		<u>14,611,658</u>	<u>\$ 9,675,701</u>	<u>\$ (9,740,950)</u>	<u>14,546,409</u>	<u>\$ 481,632</u>
Add: Unamortized premium on bond issue		377,673			741,806	
Add: Unamortized deferred charges on bond issue		-			(401,687)	
Total on statement of net assets		<u>\$ 14,989,331</u>			<u>\$ 14,886,528</u>	

- B. Compensated Absences - Compensated absences will be paid from the fund from which the employee is paid.

- C. 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 2008, the District made \$12,430 in principal payments and \$3,151 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, 2008 reported on the statement of net assets is \$38,241.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- D. 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 2008, the District made \$21,329 in principal payments and \$1,081 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, 2008 reported on the statement of net assets is \$5,537.
- 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 this bond are recorded as expenditures in the debt service fund.

The original issue was comprised of both current interest bonds, par value \$13,940,000, and capital appreciation bonds, par value \$560,000. On November 1, 2007, the District refunded \$9,080,000 of the current interest bonds (see Note 10.F for detail). The interest rates on the remaining current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds mature on January 15, 2012 (effective interest 12.80%), January 15, 2013 (effective interest 12.42%), January 15, 2014 (effective interest 12.40%) and January 15, 2015 (effective interest 12.36%), at redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,745,000. A total of \$406,513 in accreted interest on the capital appreciation bonds has been included in the Statement of Net Assets at June 30, 2008.

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, 2020.

The following is a summary of the future debt requirements to maturity for the Series 2004 general obligation bonds:

Fiscal Year Ending June 30.	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 345,000	\$ 141,311	\$ 486,311	\$ -	\$ -	\$ -
2010	355,000	131,824	486,824	-	-	-
2011	410,000	120,996	530,996	-	-	-
2012	-	107,261	107,261	155,000	260,000	415,000
2013	-	107,261	107,261	140,000	270,000	410,000
2014 - 2018	1,455,000	478,979	1,933,979	265,000	655,000	920,000
2019 - 2020	1,085,000	71,354	1,156,354	-	-	-
Total	<u>\$ 3,650,000</u>	<u>\$ 1,158,986</u>	<u>\$ 4,808,986</u>	<u>\$ 560,000</u>	<u>\$ 1,185,000</u>	<u>\$ 1,745,000</u>

- F. On November 1, 2007, the District issued general obligation bonds (Series 2007 General Obligation School Improvement and Refunding Bonds) to advance refund \$9,080,000 of the Series 2004 current interest general obligation bonds (see Note 10.E. for detail) and to current refund \$480,000 bond anticipation notes that matured on January 15, 2008 (see Note 11 for detail). The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The bond issue is comprised of both current interest bonds, par value \$9,305,000, and capital appreciation bonds, par value \$210,000. The interest rates on the current interest bonds range from 4.0% to 5.00%. The capital appreciation bonds mature on January 15, 2031 and January 15, 2032, (effective interest 9.742%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,000,000. Total accreted interest of \$4,200 has been included in the statement of net assets.

Interest payments of the current interest bonds are due on January 15 and July 15 of each year. The final maturity date stated on the issue is December 1, 2032.

The reacquisition price exceeded the net carrying amount of the old debt by \$413,309. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$225,687 and resulted in an economic gain of \$163,152.

The following is a summary of the future debt requirements to maturity for the Series 2007 general obligation bonds:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 50,000	\$ 386,227	\$ 436,227	\$ -	\$ -	\$ -
2010	10,000	384,227	394,227	-	-	-
2011	10,000	383,826	393,826	-	-	-
2012	20,000	383,427	403,427	-	-	-
2013	35,000	382,627	417,627	-	-	-
2014 - 2018	365,000	1,885,638	2,250,638	-	-	-
2019 - 2023	2,495,000	1,698,038	4,193,038	-	-	-
2024 - 2028	4,245,000	980,711	5,225,711	-	-	-
2029 - 2032	1,965,000	127,496	2,092,496	210,000	1,790,000	2,000,000
Total	<u>\$ 9,195,000</u>	<u>\$ 6,612,217</u>	<u>\$ 15,807,217</u>	<u>\$ 210,000</u>	<u>\$ 1,790,000</u>	<u>\$ 2,000,000</u>

G. 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 code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$9,828,783 (including available funds of \$960,940) and an unvoted debt margin of \$98,531.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

NOTE 11 - NOTES PAYABLE

During fiscal year 2007, the District issued \$480,000 in bond anticipation notes. The bonds were retired during fiscal 2008 through the Series 2007 bond issue (see Note 10.F for detail). Activity during the fiscal year was as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance 06/30/07</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/08</u>
Bond anticipation notes	5/10/07	1/15/08	5.25	\$ 480,000	\$ -	\$ (480,000)	\$ -

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

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

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 2007.

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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Employee Health Insurance (Continued)

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

C. Workers' Compensation

For fiscal year 2008, 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 13 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$88,845, \$89,561 and \$95,063, respectively; 52.01 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 13 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$450,954, \$438,617, and \$440,091, respectively; 83.55 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$469 made by the District and \$15,355 made by the plan members.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 13 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$54,581, \$44,479, and \$36,894, respectively; 52.01 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$6,401, \$6,090, and \$7,566, respectively; 52.01 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$34,869, \$33,740, and \$33,853, respectively; 83.55 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and,
- (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).

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	Net Change in Fund Balance
	<u>General Fund</u>
Budget basis	\$ (712,724)
Net adjustment for revenue accruals	255,916
Net adjustment for expenditure accruals	(26,867)
Net adjustment for other sources/uses	(4,879)
Adjustment for encumbrances	<u>101,487</u>
GAAP basis	<u>\$ (387,067)</u>

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the 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, 2008.

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2007	\$ 213,433	\$ -
Current year set-aside requirement	151,334	151,334
Current year offsets	-	(733,934)
Qualifying disbursements	<u>(260,334)</u>	<u>-</u>
Total	<u>\$ 104,433</u>	<u>\$ (582,600)</u>
Balance carried forward to FY 2009	<u>\$ 104,433</u>	<u>\$ -</u>

A schedule of the restricted assets at June 30, 2008 follows:

Amounts restricted for textbooks

Total restricted assets	<u>\$ 104,433</u>
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The District had offsets during the year that reduced the capital acquisition set-aside amount to below zero.

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2008, the District had the following contractual commitments outstanding. A summary of the primary contractual commitments follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid Through June 30, 2008</u>	<u>Remaining Contract Amount</u>
Adena	\$ 13,316	\$ -	\$ 13,316
Bricker & Eckler	5,000	1,314	3,686
Bucyrus Road Materials	18,406	-	18,406
Cander Excavating	15,544	-	15,544
Cass Frames	1,000	-	1,000
Hope Church	8,500	-	8,500
Lawhon & Associates	4,000	2,700	1,300
Stanley Security Solutions	48,030	46,030	2,000
Universal Refrigeration	2,184,236	2,176,707	7,529
VEC Systems	500	-	500
Wasserstrom Company	<u>279,430</u>	<u>267,109</u>	<u>12,321</u>
Total	<u>\$ 2,577,962</u>	<u>\$ 2,493,860</u>	<u>\$ 84,102</u>



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 8, 2009

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Significant Deficiency / Material Weakness Financial Reporting	Yes	



Mary Taylor, CPA
Auditor of State

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
MAY 7, 2009