

Dave Yost • Auditor of State



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

April 20, 2015

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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, 2014. 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 fiscal year 2014 are as follows:

- In total, net position of governmental activities increased \$6,720,781 which represents a 145.76% increase from June 30, 2013's net position.
- General revenues accounted for \$14,789,380 in revenue or 84.50% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,713,319 or 15.50% of total revenues of \$17,502,699.
- The District had \$10,781,918 in expenses related to governmental activities; \$2,713,319 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,789,380 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, the debt service fund, the permanent improvement fund and the classroom facilities fund. The general fund had \$9,372,259 in revenues and other financing sources and \$9,294,955 in expenditures. During fiscal year 2014, the general fund's fund balance increased \$77,304 from \$1,641,631 to \$1,718,935.
- The debt service fund had \$921,877 in revenues and \$1,005,944 in expenditures. During fiscal year 2014, the debt service fund's fund balance decreased \$84,067 from \$861,680 to \$777,613.
- The permanent improvement fund had \$1,355 in revenues. During fiscal year 2014, the permanent improvement fund balance increased \$1,355 from \$648,609 to \$649,964.
- The classroom facilities fund had \$2,164,050 in revenues and \$125,038 in expenditures. During fiscal year 2014, the classroom facilities fund balance increased to a balance of \$2,039,012.

**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 position* 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, the debt service fund, the permanent improvement fund and classroom facilities 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, 2014  
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(Continued)**

**Reporting the District as a Whole**

***Statement of Net Position 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 2014?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 position* and changes in that position. This change in net position 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 position 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 position and statement of activities can be found on pages 15-16 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 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the debt service fund, the permanent improvement fund and the classroom facilities fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position 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 17-23 of this report.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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 position and changes in fiduciary net position on pages 24 and 25. 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 27-57 of this report.

**The District as a Whole**

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

The table below provides a summary of the District's net position at June 30, 2014 and June 30, 2013.

	<b>Net Position</b>	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 12,888,726	\$ 6,495,520
Capital assets, net	<u>14,703,387</u>	<u>14,896,578</u>
Total assets	<u>27,592,113</u>	<u>21,392,098</u>
<b><u>Deferred outflows of resources</u></b>		
Deferred outflows of resources	<u>297,089</u>	<u>314,522</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,392,155	1,443,023
Long-term liabilities	<u>13,299,033</u>	<u>13,862,073</u>
Total liabilities	<u>14,691,188</u>	<u>15,305,096</u>
<b><u>Deferred inflows of resources</u></b>		
Deferred inflows of resources	<u>1,866,378</u>	<u>1,790,669</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	2,567,671	2,545,487
Restricted	6,571,205	93,396
Unrestricted	<u>2,192,760</u>	<u>1,971,972</u>
Total net position	<u>\$ 11,331,636</u>	<u>\$ 4,610,855</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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(Continued)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$11,331,636. Of this total, \$6,571,205 is restricted in use.

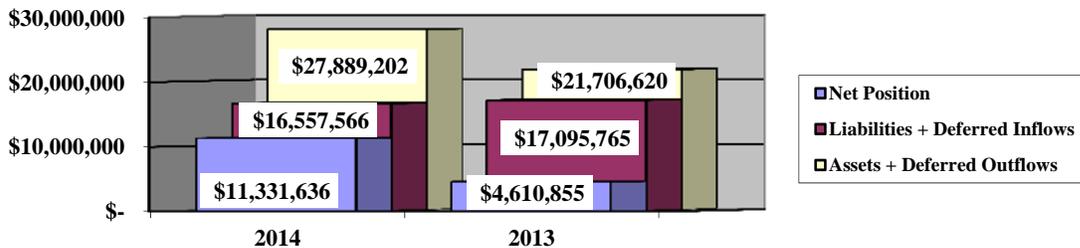
Assets of the District increased \$6,200,015 or 28.98%. This increase is primarily the result of increases in equity in pooled cash and cash equivalents and intergovernmental receivables. These increased occurred due to the District entering into an Ohio School Facilities Commission (OSFC) project agreement for renovations to District buildings. The District began receiving State funding for the Project which increased equity in pooled cash and cash equivalents and recorded an intergovernmental receivable for the remainder of the State share.

At year-end, capital assets represented 53.29% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Net investment in capital assets at June 30, 2014, was \$2,567,671. 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 position, \$6,571,205, represents resources that are subject to external restriction on how they may be used. Of this amount, \$6,326,442 is restricted for capital projects related to the aforementioned OSFC project. The remaining balance of unrestricted net position of \$2,192,760 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2014 and June 30, 2013.

**Governmental Activities**



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

The table below shows the change in net position for fiscal year 2014 and 2013.

	<b>Change in Net Position</b>	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,907,435	\$ 1,671,584
Operating grants and contributions	805,884	708,997
General revenues:		
Property taxes	3,060,604	2,919,980
Income taxes	1,562,084	1,610,173
Unrestricted grants and entitlements	3,700,059	3,621,037
Restricted grants and entitlements	6,449,280	-
Investment earnings	5,584	7,557
Other	<u>11,769</u>	<u>20,269</u>
Total revenues	<u>17,502,699</u>	<u>10,559,597</u>

(Continued)

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**Change in Net Position (Continued)**

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,291,139	\$ 4,489,193
Special	1,293,864	1,298,043
Vocational	39,745	32,501
Other	-	1,105
Support services:		
Pupil	706,961	708,192
Instructional staff	294,622	245,271
Board of education	24,765	24,868
Administration	739,028	736,193
Fiscal	351,046	340,466
Business	2,278	1,511
Operations and maintenance	894,141	1,035,875
Pupil transportation	730,186	703,511
Central	27,241	54,079
Operations of non-instructional services:		
Other non-instructional services	55,214	52,781
Food service operations	338,372	321,197
Extracurricular activities	413,474	382,055
Interest and fiscal charges	<u>579,842</u>	<u>620,187</u>
Total expenses	<u>10,781,918</u>	<u>11,047,028</u>
Change in net position	6,720,781	(487,431)
Net position at beginning of year	<u>4,610,855</u>	<u>5,098,286</u>
Net position at end of year	<u>\$ 11,331,636</u>	<u>\$ 4,610,855</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$6,720,781. Total governmental expenses of \$10,781,918 were offset by program revenues of \$2,713,319 and general revenues of \$14,789,380. Program revenues supported 25.17% of the total governmental expenses. Charges for services increased \$235,851 due to increases in open enrollment tuition. Operating grants and contributions increased \$96,887 due to an increase in special education funding from the State.

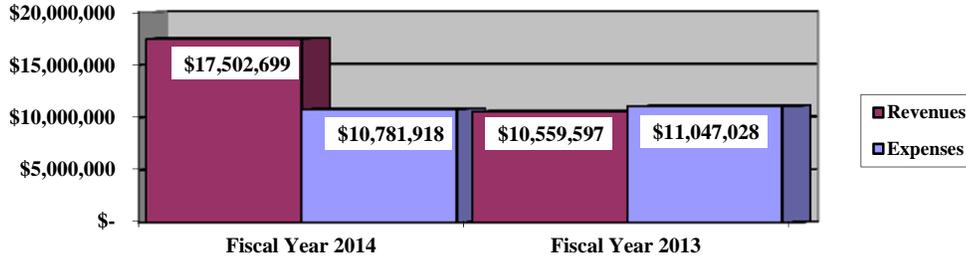
The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These revenue sources represent 47.55% of total governmental revenue. The \$6,449,280 in restricted grants and entitlements is the State share of the District's OSFC project.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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(Continued)**

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,624,748 or 52.17% of total governmental expenses for fiscal year 2014. The graph below presents the District's governmental activities revenues and expenses for fiscal year 2014 and 2013.

**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.

**Governmental Activities**

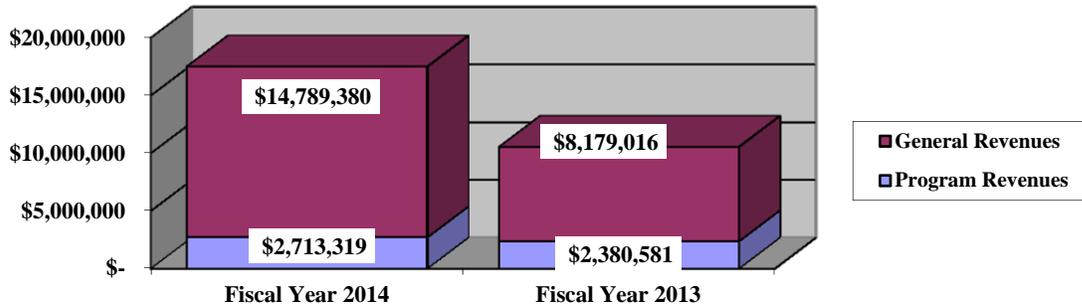
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,291,139	\$ 2,959,659	\$ 4,489,193	\$ 3,418,575
Special	1,293,864	462,124	1,298,043	474,531
Vocational	39,745	38,763	32,501	30,294
Other	-	-	1,105	1,105
Support services:				
Pupil	706,961	706,961	708,192	689,995
Instructional staff	294,622	272,174	245,271	238,071
Board of education	24,765	24,765	24,868	24,868
Administration	739,028	700,978	736,193	734,372
Fiscal	351,046	346,178	340,466	336,070
Business	2,278	2,278	1,511	1,511
Operations and maintenance	894,141	891,795	1,035,875	1,034,640
Pupil transportation	730,186	680,116	703,511	686,145
Central	27,241	27,241	54,079	54,079
Operations of non-instructional services:				
Other non-instructional services	55,214	19,531	52,781	19,286
Food service operations	338,372	64,793	321,197	41,006
Extracurricular activities	413,474	291,401	382,055	261,712
Interest and fiscal charges	579,842	579,842	620,187	620,187
<b>Total expenses</b>	<u>\$ 10,781,918</u>	<u>\$ 8,068,599</u>	<u>\$ 11,047,028</u>	<u>\$ 8,666,447</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

The dependence upon tax and other general revenues for governmental activities is apparent, as 61.52% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.83%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students. The graph below presents the District's governmental activities revenues for fiscal year 2014 and 2013.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$5,232,500, which is more than last year's total of \$3,190,830. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and June 30, 2013.

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Change	Percentage Change
General	\$ 1,718,935	\$ 1,641,631	\$ 77,304	4.71 %
Debt Service	777,613	861,680	(84,067)	(9.76) %
Permanent Improvement	649,964	648,609	1,355	0.21 %
Classroom Facilities	2,039,012	-	2,039,012	100.00 %
Other Governmental	46,976	38,910	8,066	20.73 %
<b>Total</b>	<b>\$ 5,232,500</b>	<b>\$ 3,190,830</b>	<b>\$ 2,041,670</b>	<b>63.99 %</b>

**General Fund**

The District's general fund balance increased \$77,304.

Revenues of the general fund increased \$436,561 or 4.90%. The most significant increase was in the area of tuition which increased \$201,460 or 14.96%. The increase in tuition was the result of an increase in open enrollment students. Intergovernmental revenues increased \$185,068 due to an increase in State Foundation funding related to special education.

Expenditures of the general fund decreased \$111,962 or 1.19%. The most significant decrease was in the area of instruction which decreased \$133,060. This decrease was primarily the result of a decrease in wages and benefits in comparison to last year. Capital outlay also decreased due to the inception of a capital lease in fiscal year 2013.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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(Continued)**

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

	2014 <u>Amount</u>	2013 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,931,147	\$ 3,911,086	\$ 20,061	0.51 %
Earnings on investments	5,448	7,555	(2,107)	(27.89) %
Intergovernmental	3,713,815	3,528,747	185,068	5.24 %
Tuition	1,548,326	1,346,866	201,460	14.96 %
Other revenues	<u>154,645</u>	<u>122,566</u>	<u>32,079</u>	26.17 %
 Total	 <u>\$ 9,353,381</u>	 <u>\$ 8,916,820</u>	 <u>\$ 436,561</u>	 4.90 %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,096,208	\$ 5,229,268	\$ (133,060)	(2.54) %
Support services	3,798,894	3,670,290	128,604	3.50 %
Non-instructional services	55,214	52,781	2,433	4.61 %
Extracurricular activities	305,339	310,695	(5,356)	(1.72) %
Facilities acquisition and construction	5,779	34,696	(28,917)	(83.34) %
Capital outlay	-	75,666	(75,666)	(100.00) %
Debt service	<u>33,521</u>	<u>33,521</u>	<u>-</u>	-
 Total	 <u>\$ 9,294,955</u>	 <u>\$ 9,406,917</u>	 <u>\$ (111,962)</u>	 (1.19) %

***Debt Service Fund***

The debt service fund had \$921,877 in revenues and \$1,005,944 in expenditures. During fiscal year 2014, the debt service fund's fund balance decreased \$84,067 from \$861,680 to \$777,613. This decrease was primarily due to scheduled principal and interest payments that exceeded property tax revenues.

***Permanent Improvement Fund***

The permanent improvement fund had \$1,355 in revenues. During fiscal year 2014, the permanent improvement fund balance increased \$1,355 from \$648,609 to \$649,964.

***Classroom Facilities Fund***

The classroom facilities fund had \$2,164,050 in revenues and \$125,038 in expenditures. During fiscal year 2014, the classroom facilities fund balance increased to a balance of \$2,039,012.

***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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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(Continued)**

During the course of fiscal year 2014, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,896,145 and final budgeted revenues and other financing sources were \$9,459,038. Actual revenues and other financing sources for fiscal year 2014 was \$9,491,651. This represents a \$32,613 increase from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$9,385,607, which were increased to \$9,676,519 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$9,405,132, which was \$271,387 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2014, the District had \$14,703,387 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, 2014 balances compared to June 30, 2013:

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

	Governmental Activities	
	2014	2013
Land	\$ 195,904	\$ 195,904
Construction in progress	121,538	-
Land improvements	144,397	160,791
Building and improvements	13,539,496	13,868,171
Furniture and equipment	315,083	372,850
Vehicles	386,969	298,862
Total	\$ 14,703,387	\$ 14,896,578

The overall decrease in capital assets of \$193,191 is due to depreciation expense of \$479,250 and disposals (net of depreciation) of \$16,223 exceeding capital outlay of \$302,282 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, 2014, the District had \$12,541,204 in general obligation bonds, capital lease obligations and water line project payable. Of this total, \$503,785 is due within one year and \$12,037,419 is due within greater than one year.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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UNAUDITED  
(Continued)**

The following table summarizes the bonds and water line project payable outstanding.

	<b>Outstanding Debt, at Year End</b>	
	Governmental Activities	Governmental Activities
	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 12,423,080	\$ 12,804,154
Capital lease obligations	45,519	59,240
Water line project payable	<u>72,605</u>	<u>85,118</u>
Total	<u>\$ 12,541,204</u>	<u>\$ 12,948,512</u>

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

**Current Financial Related Activities**

The District is proud that it has been able to maintain the advantages which come from living in a positive and caring rural environment. Those advantages include strong educational programming, reasonable class sizes and well qualified teachers. Our programs have traditionally placed at or near the top of county rankings on the district report cards. As a small district we are able to provide academic and extracurricular 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 and opened in September 2006. Notes and bonds for the new building were issued during fiscal year 2004, refunded partially in fiscal year 2008 with the remaining refunded in 2014, 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 has begun the process for State matching funds available to add new high school facilities to the pre-kindergarten through eighth grade building.

Like most other Ohio school districts, the District has suffered as a result of reductions in State funding. In addition, the District is heavily dependent on business and inventory taxes, a revenue stream that will be phased out with current state budget. Our Tangible Personal Property (TPP) fixed rate payments have been extended to fiscal year 2018 with each year being reduced by \$151,216 and payment in fiscal year 2018 being \$66,561. The final foundation dollars are subject to many factors all of which are open to deliberations and approval of the Ohio General Assembly. Due to economic conditions within the State, the level at which the State will fund schools is uncertain. State Foundation revenues for fiscal year 2015 to 2017 are presented with little increase in revenue.

Open enrollment numbers have grown over the last two years. During the 2013-2014 school year, 216 student open enrolled into the district while 65 open enrolled out. In 2014-2015, 260 open enrolled into the District while 58 open enrolled out. Enrollment, PK-12, has also grown over the last three years. The total enrollment numbers are as follows: 2012-2013 were 923 students, 2013-2014 were 958 student and 2014-2015 at 990 students. With open enrollment growing, this is helping the District generate revenue to help offset the uncertain levels of state funding.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**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 POSITION  
JUNE 30, 2014**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 4,628,662
Receivables:	
Property taxes . . . . .	3,232,532
Income taxes. . . . .	658,432
Accounts. . . . .	1,011
Accrued interest . . . . .	561
Intergovernmental . . . . .	4,348,863
Materials and supplies inventory. . . . .	18,665
Capital assets:	
Nondepreciable capital assets . . . . .	317,442
Depreciable capital assets, net. . . . .	14,385,945
Capital assets, net . . . . .	14,703,387
Total assets. . . . .	27,592,113
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	297,089
Total deferred outflows of resources . . . . .	297,089
 <b>Liabilities:</b>	
Accounts payable. . . . .	147
Accrued wages and benefits payable . . . . .	934,942
Compensated absences payable . . . . .	32,203
Pension obligation payable. . . . .	150,589
Intergovernmental payable . . . . .	48,073
Accrued interest payable . . . . .	226,201
Long-term liabilities:	
Due within one year. . . . .	546,064
Due in more than one year. . . . .	12,752,969
Total liabilities . . . . .	14,691,188
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	1,866,378
Total deferred inflows of resources . . . . .	1,866,378
 <b>Net position:</b>	
Net investment in capital assets . . . . .	2,567,671
Restricted for:	
Capital projects . . . . .	6,326,442
Debt service. . . . .	78,471
Locally funded programs . . . . .	8,176
State funded programs. . . . .	2,318
Federally funded programs . . . . .	111,390
Student activities . . . . .	44,408
Unrestricted . . . . .	2,192,760
Total net position. . . . .	\$ 11,331,636

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, 2014**

		<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,291,139	\$ 1,313,650	\$ 17,830	\$ (2,959,659)
Special . . . . .	1,293,864	280,706	551,034	(462,124)
Vocational . . . . .	39,745	-	982	(38,763)
Support services:				
Pupil . . . . .	706,961	-	-	(706,961)
Instructional staff . . . . .	294,622	-	22,448	(272,174)
Board of education . . . . .	24,765	-	-	(24,765)
Administration . . . . .	739,028	-	38,050	(700,978)
Fiscal . . . . .	351,046	-	4,868	(346,178)
Business . . . . .	2,278	-	-	(2,278)
Operations and maintenance . . . . .	894,141	2,346	-	(891,795)
Pupil transportation . . . . .	730,186	36,845	13,225	(680,116)
Central . . . . .	27,241	-	-	(27,241)
Operation of non-instructional services:				
Other non-instructional services . . . . .	55,214	35,683	-	(19,531)
Food service operations . . . . .	338,372	134,419	139,160	(64,793)
Extracurricular activities . . . . .	413,474	103,786	18,287	(291,401)
Interest and fiscal charges . . . . .	579,842	-	-	(579,842)
<b>Total governmental activities . . . . .</b>	<b>\$ 10,781,918</b>	<b>\$ 1,907,435</b>	<b>\$ 805,884</b>	<b>(8,068,599)</b>
 <b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				2,407,607
Debt service . . . . .				652,997
Income taxes levied for:				
General purposes . . . . .				1,562,084
Grants and entitlements not restricted to specific programs . . . . .				3,700,059
Grants and entitlements restricted for Ohio School Facilities Commission . . . . .				6,449,280
Investment earnings . . . . .				5,584
Miscellaneous . . . . .				11,769
<b>Total general revenues . . . . .</b>				<b>14,789,380</b>
Change in net position . . . . .				6,720,781
<b>Net position at beginning of year . . . . .</b>				<b>4,610,855</b>
<b>Net position at end of year . . . . .</b>				<b>\$ 11,331,636</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents . . . . .	\$ 1,286,169	\$ 525,370	\$ 618,950	\$ 2,070,026	\$ 128,147	\$ 4,628,662
Receivables:						
Property taxes . . . . .	2,542,833	689,699	-	-	-	3,232,532
Income taxes . . . . .	658,432	-	-	-	-	658,432
Accounts . . . . .	1,011	-	-	-	-	1,011
Accrued interest . . . . .	561	-	-	-	-	561
Interfund loans . . . . .	62,153	-	31,014	-	-	93,167
Intergovernmental . . . . .	10,392	-	-	4,285,364	53,107	4,348,863
Materials and supplies inventory . . . . .	16,565	-	-	-	2,100	18,665
<b>Total assets . . . . .</b>	<b>\$ 4,578,116</b>	<b>\$ 1,215,069</b>	<b>\$ 649,964</b>	<b>\$ 6,355,390</b>	<b>\$ 183,354</b>	<b>\$ 12,981,893</b>
<b>Liabilities:</b>						
Accounts payable . . . . .	\$ 147	\$ -	\$ -	\$ -	\$ -	\$ 147
Accrued wages and benefits payable . . . . .	911,217	-	-	-	23,725	934,942
Compensated absences payable . . . . .	32,203	-	-	-	-	32,203
Interfund loans payable . . . . .	-	-	-	31,014	62,153	93,167
Intergovernmental payable . . . . .	47,009	-	-	-	1,064	48,073
Pension obligation payable . . . . .	139,449	-	-	-	11,140	150,589
<b>Total liabilities . . . . .</b>	<b>1,130,025</b>	<b>-</b>	<b>-</b>	<b>31,014</b>	<b>98,082</b>	<b>1,259,121</b>
<b>Deferred inflows of resources:</b>						
Property taxes levied for the next fiscal year . . . . .	1,467,463	398,915	-	-	-	1,866,378
Delinquent property tax revenue not available . . . . .	147,356	38,541	-	-	-	185,897
Other nonexchange transactions not available . . . . .	-	-	-	4,285,364	-	4,285,364
Miscellaneous revenue not available . . . . .	10,392	-	-	-	38,296	48,688
Income tax revenue not available . . . . .	103,945	-	-	-	-	103,945
<b>Total deferred inflows of resources . . . . .</b>	<b>1,729,156</b>	<b>437,456</b>	<b>-</b>	<b>4,285,364</b>	<b>38,296</b>	<b>6,490,272</b>
<b>Fund balances:</b>						
Nonspendable:						
Materials and supplies inventory . . . . .	16,565	-	-	-	2,100	18,665
Restricted:						
Debt service . . . . .	-	777,613	-	-	-	777,613
Capital improvements . . . . .	-	-	-	2,039,012	2,066	2,041,078
Special education . . . . .	-	-	-	-	170	170
Targeted academic assistance . . . . .	-	-	-	-	10,814	10,814
Other purposes . . . . .	-	-	-	-	80,840	80,840
Extracurricular activities . . . . .	-	-	-	-	44,408	44,408
Committed:						
Capital improvements . . . . .	-	-	649,964	-	-	649,964
Termination benefits . . . . .	68,813	-	-	-	-	68,813
Assigned:						
Student instruction . . . . .	1,315	-	-	-	-	1,315
Student and staff support . . . . .	42,266	-	-	-	-	42,266
Facilities acquisition and construction . . . . .	19,475	-	-	-	-	19,475
Subsequent year's appropriations . . . . .	251,269	-	-	-	-	251,269
Other purposes . . . . .	2,804	-	-	-	-	2,804
Unassigned (deficit) . . . . .	1,316,428	-	-	-	(93,422)	1,223,006
<b>Total fund balances . . . . .</b>	<b>1,718,935</b>	<b>777,613</b>	<b>649,964</b>	<b>2,039,012</b>	<b>46,976</b>	<b>5,232,500</b>
<b>Total liabilities, deferred inflows and fund balances . . . . .</b>	<b>\$ 4,578,116</b>	<b>\$ 1,215,069</b>	<b>\$ 649,964</b>	<b>\$ 6,355,390</b>	<b>\$ 183,354</b>	<b>\$ 12,981,893</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014**

<b>Total governmental fund balances</b>		\$	5,232,500
 <i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			14,703,387
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	185,897		
Income taxes receivable	103,945		
Intergovernmental receivable	4,334,052		
Total	4,623,894		4,623,894
Unamortized premiums on bonds issued are not recognized in the funds.			(477,286)
Unamortized amounts on refundings are not recognized in the funds.			297,089
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(226,201)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds	(12,423,080)		
Capital lease obligations	(45,519)		
Compensated absences	(280,543)		
Waterline project	(72,605)		
Total	(12,821,747)		(12,821,747)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>11,331,636</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
From local sources:						
Property taxes . . . . .	\$ 2,363,060	\$ 644,711	\$ -	\$ -	\$ -	\$ 3,007,771
Income taxes . . . . .	1,568,087	-	-	-	-	1,568,087
Tuition . . . . .	1,548,326	-	-	-	-	1,548,326
Transportation fees . . . . .	36,845	-	-	-	-	36,845
Earnings on investments . . . . .	5,448	-	-	134	2	5,584
Charges for services . . . . .	-	-	-	-	134,419	134,419
Extracurricular . . . . .	20,692	-	-	-	86,105	106,797
Classroom materials and fees . . . . .	67,398	-	1,355	-	-	68,753
Rental income . . . . .	991	-	-	-	-	991
Contributions and donations . . . . .	3,921	-	-	-	19,751	23,672
Contract services . . . . .	10,883	-	-	-	-	10,883
Other local revenues . . . . .	13,915	-	-	-	10,720	24,635
Intergovernmental - intermediate . . . . .	12,286	-	-	-	-	12,286
Intergovernmental - state . . . . .	3,675,659	277,166	-	2,163,916	9,518	6,126,259
Intergovernmental - federal . . . . .	25,870	-	-	-	485,030	510,900
<b>Total revenues . . . . .</b>	<b>9,353,381</b>	<b>921,877</b>	<b>1,355</b>	<b>2,164,050</b>	<b>745,545</b>	<b>13,186,208</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	4,049,489	-	-	-	19,545	4,069,034
Special . . . . .	1,011,861	-	-	-	273,554	1,285,415
Vocational . . . . .	34,858	-	-	-	-	34,858
Support services:						
Pupil . . . . .	707,836	-	-	-	-	707,836
Instructional staff . . . . .	262,389	-	-	-	22,923	285,312
Board of education . . . . .	24,508	-	-	-	-	24,508
Administration . . . . .	742,329	-	-	-	11,724	754,053
Fiscal . . . . .	326,967	22,455	-	-	1,500	350,922
Business . . . . .	2,278	-	-	-	-	2,278
Operations and maintenance . . . . .	882,120	-	-	-	-	882,120
Pupil transportation . . . . .	823,226	-	-	-	-	823,226
Central . . . . .	27,241	-	-	-	-	27,241
Operation of non-instructional services:						
Other non-instructional services . . . . .	55,214	-	-	-	-	55,214
Food service operations . . . . .	-	-	-	-	302,944	302,944
Extracurricular activities . . . . .	305,339	-	-	-	105,289	410,628
Facilities acquisition and construction . . . . .	5,779	-	-	125,038	-	130,817
Debt service:						
Principal retirement . . . . .	26,234	495,000	-	-	-	521,234
Interest and fiscal charges . . . . .	7,287	488,489	-	-	-	495,776
<b>Total expenditures . . . . .</b>	<b>9,294,955</b>	<b>1,005,944</b>	<b>-</b>	<b>125,038</b>	<b>737,479</b>	<b>11,163,416</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	58,426	(84,067)	1,355	2,039,012	8,066	2,022,792
<b>Other financing sources:</b>						
Sale of assets . . . . .	18,878	-	-	-	-	18,878
<b>Total other financing sources . . . . .</b>	<b>18,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,878</b>
Net change in fund balances . . . . .	77,304	(84,067)	1,355	2,039,012	8,066	2,041,670
<b>Fund balances at beginning of year . . . . .</b>	<b>1,641,631</b>	<b>861,680</b>	<b>648,609</b>	<b>-</b>	<b>38,910</b>	<b>3,190,830</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 1,718,935</b>	<b>\$ 777,613</b>	<b>\$ 649,964</b>	<b>\$ 2,039,012</b>	<b>\$ 46,976</b>	<b>\$ 5,232,500</b>

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, 2014**

**Net change in fund balances - total governmental funds** \$ 2,041,670

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	302,282	
Current year depreciation	(479,250)	
<b>Total</b>	<b>(176,968)</b>	<b>(176,968)</b>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (16,223)

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

Property taxes	52,833	
Income taxes	(6,003)	
Intergovernmental	4,276,659	
<b>Total</b>	<b>4,323,489</b>	<b>4,323,489</b>

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds	495,000	
Loans payable	12,513	
Capital leases	13,721	
<b>Total</b>	<b>521,234</b>	<b>521,234</b>

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Accrued interest payable	3,206	
Accreted interest on capital appreciation bonds	(113,926)	
Amortization of bond premiums	44,087	
Amortization of deferred charges	(17,433)	
<b>Total</b>	<b>(84,066)</b>	<b>(84,066)</b>

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.

111,645

**Change in net position of governmental activities** **\$ 6,720,781**

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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,358,704	\$ 2,395,479	\$ 2,395,479	\$ -
Income taxes . . . . .	1,596,699	1,640,593	1,640,593	-
Tuition . . . . .	1,157,892	1,511,124	1,548,326	37,202
Transportation fees . . . . .	6,710	40,538	35,834	(4,704)
Earnings on investments . . . . .	7,407	4,651	5,357	706
Classroom materials and fees . . . . .	32,928	34,726	34,726	-
Rental income . . . . .	-	520	991	471
Contributions and donations . . . . .	7,839	-	1,100	1,100
Contract services . . . . .	10,335	10,800	10,883	83
Other local revenues . . . . .	7,432	8,934	11,177	2,243
Intergovernmental - intermediate . . . . .	12,704	12,704	12,286	(418)
Intergovernmental - state . . . . .	3,636,263	3,675,667	3,675,659	(8)
Intergovernmental - federal . . . . .	25,870	23,687	-	(23,687)
<b>Total revenues . . . . .</b>	<b>8,860,783</b>	<b>9,359,423</b>	<b>9,372,411</b>	<b>12,988</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,989,409	4,091,943	4,039,496	52,447
Special . . . . .	998,852	1,093,685	1,026,282	67,403
Vocational . . . . .	27,173	33,278	34,854	(1,576)
Other . . . . .	1,440	390	-	390
Support services:				
Pupil . . . . .	767,039	706,808	706,004	804
Instructional staff . . . . .	272,327	267,890	272,513	(4,623)
Board of education . . . . .	24,437	23,792	24,660	(868)
Administration . . . . .	767,641	730,448	707,196	23,252
Fiscal . . . . .	346,441	328,662	329,235	(573)
Business . . . . .	1,506	2,278	2,278	-
Operations and maintenance . . . . .	1,016,588	967,142	908,343	58,799
Pupil transportation . . . . .	663,006	858,934	818,398	40,536
Central . . . . .	50,192	61,200	28,900	32,300
Other operation of non-instructional services . . . . .	1,196	-	-	-
Extracurricular activities . . . . .	288,225	288,133	283,710	4,423
Facilities acquisition and construction . . . . .	71,132	42,023	42,023	-
<b>Total expenditures . . . . .</b>	<b>9,286,604</b>	<b>9,496,606</b>	<b>9,223,892</b>	<b>272,714</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(425,821)	(137,183)	148,519	285,702
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	45,375	65,000	19,625
Transfers (out) . . . . .	(70,000)	(119,087)	(119,087)	-
Advances in . . . . .	35,362	35,362	35,362	-
Advances (out) . . . . .	(29,003)	(60,826)	(62,153)	(1,327)
Sale of capital assets . . . . .	-	18,878	18,878	-
<b>Total other financing sources (uses) . . . . .</b>	<b>(63,641)</b>	<b>(80,298)</b>	<b>(62,000)</b>	<b>18,298</b>
Net change in fund balance . . . . .	(489,462)	(217,481)	86,519	304,000
<b>Fund balance at beginning of year . . . . .</b>	<b>1,002,947</b>	<b>1,002,947</b>	<b>1,002,947</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>29,459</b>	<b>29,459</b>	<b>29,459</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 542,944</b>	<b>\$ 814,925</b>	<b>\$ 1,118,925</b>	<b>\$ 304,000</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 3,054	\$ 95,145
Total assets. . . . .	3,054	\$ 95,145
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 216
Retainage payable . . . . .	-	49,983
Due to students. . . . .	-	42,477
Due to others . . . . .	-	2,469
Total liabilities . . . . .	-	\$ 95,145
<b>Net position:</b>		
Held in trust for scholarships . . . . .	3,054	
Total net position. . . . .	\$ 3,054	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions. . . . .	\$ 3,500
Total additions. . . . .	3,500
<b>Deductions:</b>	
Scholarships awarded . . . . .	4,442
Change in net position . . . . .	(942)
<b>Net position at beginning of year. . . . .</b>	<b>3,996</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 3,054</b>

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, 2014**

**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 498<sup>th</sup> largest by enrollment among the 918 public and community school districts in the State, and the 4<sup>th</sup> largest in Crawford County. It currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District employs 58 non-certified and 71 certified employees to provide services to 951 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's significant accounting policies are described below.

**A. Reporting Entity**

The 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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(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 2014, the District paid \$74,359 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.

*JOINTLY GOVERNED ORGANIZATION*

Metropolitan Educational Council

The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of 124 districts in 22 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the MEC. The Governing Board of MEC consists of one voting representative from each member district. The District purchases natural gas and electricity through the MEC program. To obtain financial information, write to Metropolitan Educational Council, Elmo Kallner, who serves as Director, 6100 Channingway Boulevard, Suite 604, Columbus, Ohio 43232.

The District also participates in an insurance group purchasing pool, described in Note 11.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported 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 and report the accumulation of resources that are restricted for the payment of general obligation bond and notes payable.

Permanent improvement fund - The permanent improvement fund is used to account for resources that are restricted or committed for replacement and updating of capital assets and facilities essential for the instruction of students.

Classroom facilities fund - The classroom facilities fund is used to account for intergovernmental revenues from the State that are restricted for building renovation under the Ohio Facilities Construction Commission's Ohio School Facilities Commission (OSFC) program.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. 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 and a retainage account.

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

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

The 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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

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, current deferred outflows of resources, current liabilities and current deferred inflows of resources 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.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**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 Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Income taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used 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.

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. The specific timetable for fiscal year 2014 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 District was granted a waiver by the County budget commission in 2002 which waived the requirement for public hearings. Instead, the District completes an alternative tax budget in August or September. 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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 July 1, 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 2014.
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.
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, 2014; 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

The District has invested funds in the State Treasury Asset Reserve of Ohio ("STAR Ohio") during fiscal year 2014. 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, 2014.

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 2014 amounted to \$5,448, which includes \$3,160 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. On the fund financial statements, materials and supplies is equally offset by a nonspendable fund balance in governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

**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 position, 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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 the fund financial statements, short-term receivables and payables resulting from interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position.

**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.

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, 2014, 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, 2014, 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**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 and loans are recognized as a liability on the fund financial statements when due.

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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 position is available.

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

On government-wide financial statements, bond issuance costs are expensed in the year they occur.

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 a deferred outflow of resources.

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 position is presented in Note 10.A.

**O. Estimates**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**P. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**Q. 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 2014.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2014 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Food service	\$ 91,322

The general fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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;
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.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, 2014, the carrying amount of all District deposits was \$445,904. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$436,437 of the District's bank balance of \$686,437 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

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, 2014, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 4,280,957	\$ 4,280,957

*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.

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

*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, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 4,280,957	100.00

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

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 position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 445,904
Investments	<u>4,280,957</u>
Total	<u>\$ 4,726,861</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 4,628,662
Private-purpose trust funds	3,054
Agency funds	<u>95,145</u>
Total	<u>\$ 4,726,861</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund loans receivable/payable consisted of the following at June 30, 2014, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 62,153
Permanent improvement fund	Classroom facilities fund	<u>31,014</u>
Total		<u>\$ 93,167</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. The \$31,014 interfund loan between the permanent improvement fund and the classroom facilities fund was to satisfy the District's local share of their OSFC project.

Interfund loans between governmental funds are eliminated for reporting in the statement of net position.

**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 property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$928,014 in the general fund and \$252,243 in the debt service fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$960,433 in the general fund and \$258,690 in the debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 6 – TAXES (Continued)**

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflows of resources.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 110,967,890	96.05	\$ 110,971,240	95.90
Public utility personal	<u>4,567,670</u>	<u>3.95</u>	<u>4,748,550</u>	<u>4.10</u>
Total	<u>\$ 115,535,560</u>	<u>100.00</u>	<u>\$ 115,719,790</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$46.00		\$46.00	
Debt service	6.50		6.50	

**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. During fiscal year 2014, the District received \$1,568,087 in income tax revenue.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2014 consisted of property taxes, income 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 position follows:

**Governmental activities:**

Property taxes	\$ 3,232,532
Income taxes	658,432
Accounts	1,011
Accrued interest	561
Intergovernmental	<u>4,348,863</u>
Total	<u>\$ 8,241,399</u>

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

**NOTE 7 – RECEIVABLES (Continued)**

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year with the exception of the \$4,285,364 OSFC grant receivable that will be collected over the course of the project.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance			Balance
	<u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/14</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 195,904	\$ -	\$ -	\$ 195,904
Construction in progress	<u>-</u>	<u>121,538</u>	<u>-</u>	<u>121,538</u>
Total capital assets, not being depreciated	<u>195,904</u>	<u>121,538</u>	<u>-</u>	<u>317,442</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	695,498	-	-	695,498
Buildings and improvements	17,828,946	-	-	17,828,946
Furniture and equipment	853,873	21,892	(6,214)	869,551
Vehicles	<u>987,389</u>	<u>158,852</u>	<u>(58,116)</u>	<u>1,088,125</u>
Total capital assets, being depreciated	<u>20,365,706</u>	<u>180,744</u>	<u>(64,330)</u>	<u>20,482,120</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(534,707)	(16,394)	-	(551,101)
Buildings and improvements	(3,960,775)	(328,675)	-	(4,289,450)
Furniture and equipment	(481,023)	(73,445)	-	(554,468)
Vehicles	<u>(688,527)</u>	<u>(60,736)</u>	<u>48,107</u>	<u>(701,156)</u>
Total accumulated depreciation	<u>(5,665,032)</u>	<u>(479,250)</u>	<u>48,107</u>	<u>(6,096,175)</u>
Governmental activities capital assets, net	<u>\$ 14,896,578</u>	<u>\$ (176,968)</u>	<u>\$ (16,223)</u>	<u>\$ 14,703,387</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 300,020
Special	19,103
Vocational	4,887
<u>Support services:</u>	
Pupil	4,245
Instructional staff	11,763
Board of education	257
Administration	8,226
Fiscal	257
Operations and maintenance	17,101
Pupil transportation	65,868
Extracurricular activities	15,174
Food service operations	<u>32,349</u>
Total depreciation expense	<u>\$ 479,250</u>

**NOTE 9 - CAPITALIZED LEASE**

During a prior fiscal year, the District entered into capitalized leases for copiers. All leases meet the criteria of a capital lease 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 basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been originally capitalized in the amount of \$75,666, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was \$26,483, leaving a current book value of \$49,183.

Principal and interest payments in the 2014 fiscal year totaled \$13,721 and \$3,021, respectively. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 16,752
2016	16,751
2017	<u>16,752</u>
Total minimum lease payments	50,255
Less: amount representing interest	<u>(4,736)</u>
Total	<u>\$ 45,519</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2014, the following changes occurred in governmental activities long-term obligations.

	Interest Rate	Balance Outstanding 06/30/13	Additions	Reductions	Balance Outstanding 06/30/14	Amounts Due in One Year
<b>Governmental activities:</b>						
<u>General obligation bonds:</u>						
Series 2004 Issue:						
Current interest bonds	2%-5%	\$ 2,540,000	\$ -	\$ -	\$ 2,540,000	\$ -
Capital appreciation bonds	12.18%	265,000	-	(140,000)	125,000	125,000
Accreted interest		550,092	76,131	(320,000)	306,223	306,223
Series 2007 Issue:						
School improvements bonds	4%-5%	9,070,000	-	(35,000)	9,035,000	45,000
Capital appreciation bonds	9.742%	210,000	-	-	210,000	-
Accreted interest		169,062	37,795	-	206,857	-
Total general obligation bonds payable		<u>\$ 12,804,154</u>	<u>\$ 113,926</u>	<u>\$ (495,000)</u>	<u>\$ 12,423,080</u>	<u>\$ 476,223</u>
<u>Other long-term obligations:</u>						
Water line project payable		\$ 85,118	\$ -	\$ (12,513)	\$ 72,605	\$ 13,139
Capital leases		59,240	-	(13,721)	45,519	14,423
Compensated absences		392,188	42,279	(153,924)	280,543	42,279
Total other long-term obligations		<u>\$ 536,546</u>	<u>\$ 42,279</u>	<u>\$ (180,158)</u>	<u>\$ 398,667</u>	<u>\$ 69,841</u>
Total governmental activities		<u>13,340,700</u>	<u>\$ 156,205</u>	<u>\$ (675,158)</u>	<u>12,821,747</u>	<u>\$ 546,064</u>
Add: Unamortized premium on bond issue		521,373			477,286	
Total on statement of net position		<u>\$ 13,862,073</u>			<u>\$ 13,299,033</u>	

B. Capital Leases - Capital leases will be paid from the general fund. See Note 9 for more details.

C. Compensated Absences - Compensated absences will be paid from the fund from which the employee is paid which is primarily the general fund.

D. 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 paid \$159,584 over a period of fifteen years in return for exemption from tap-in charges. During fiscal year 2009, the District agreed to pay an additional \$100,327 until fiscal year 2019. Interest on this obligation is calculated at a rate indexed to the rate of interest paid by the Crawford County Commissioners on its debt arising from this project. During fiscal year 2014, the District made \$12,513 in principal payments and \$4,256 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, 2014 reported on the statement of net position is \$72,605. This amount is not included in the calculation for "net investment in capital assets" because the capital assets associated with this project belonging to the County are not included in the District's capital assets.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

- 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 remaining capital appreciation bonds mature on January 15, 2015 (stated interest rate 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 remaining capital appreciation bonds is \$460,000. A total of \$306,223 in accreted interest on the capital appreciation bonds has been included in the statement of net position at June 30, 2014.

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 January 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
2015	\$ -	\$ 107,261	\$ 107,261	\$ 125,000	\$ 335,000	\$ 460,000
2016	465,000	107,261	572,261	-	-	-
2017	485,000	88,662	573,662	-	-	-
2018	505,000	68,534	573,534	-	-	-
2019	530,000	47,072	577,072	-	-	-
2020	555,000	24,282	579,282	-	-	-
Total	<u>\$ 2,540,000</u>	<u>\$ 443,072</u>	<u>\$ 2,983,072</u>	<u>\$ 125,000</u>	<u>\$ 335,000</u>	<u>\$ 460,000</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. 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 position. The balance of the refunded current interest bonds at June 30, 2014, is \$9,080,000.

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, (stated interest rate 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 \$206,857 has been included in the statement of net position.

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

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

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 January 15, 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.

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
2015	\$ 45,000	\$ 379,827	\$ 424,827	\$ -	\$ -	\$ -
2016	50,000	378,028	428,028	-	-	-
2017	110,000	376,028	486,028	-	-	-
2018	125,000	370,528	495,528	-	-	-
2019	135,000	365,528	500,528	-	-	-
2020 - 2024	3,140,000	1,597,488	4,737,488	-	-	-
2025 - 2029	4,430,000	800,229	5,230,229	-	-	-
2030 - 2032	1,000,000	43,000	1,043,000	210,000	1,790,000	2,000,000
Total	<u>\$ 9,035,000</u>	<u>\$ 4,310,656</u>	<u>\$ 13,345,656</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, 2014, are a voted debt margin of \$11,192,394 (including available funds of \$777,613) and an unvoted debt margin of \$115,720.

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).

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District contracts with Trident Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. The Board's legal liability holds a deductible of \$2,500. Buildings/content and boiler and machinery has a limit of \$31,961,507 with a deductible of \$1,000. Real property and contents are 100% coinsured.

The bus fleet and maintenance vehicles are also insured through Trident Insurance Company and hold a \$500 collision deductible and a \$250 comprehensive deductible and a \$1,000,000 limit on liability coverage, along with a \$1,000,000 umbrella on top of that 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 2013.

**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 seven 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 \$150,000 for each insured event.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

**C. Workers' Compensation**

The District pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 12 - 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, disability, survivor 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](http://www.ohsers.org), under "Employers/Audit Resources".

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 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 14 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 and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$168,635, \$166,651 and \$151,558, respectively; 83.09 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**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 website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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 2014, plan members were required to contribute 11 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 14 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, 2014, 2013 and 2012 were \$485,772, \$495,663 and \$501,072, respectively; 84.25 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$32,848 made by the District and \$25,810 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)**

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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$22,878, \$19,232 and \$23,768, respectively; 83.09 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$9,783, \$9,414 and \$8,950, respectively; 83.09 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**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](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)**

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 2014, 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, 2014, 2013 and 2012 were \$37,367, \$38,128 and \$38,544, respectively; 84.25 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 86,519
Net adjustment for revenue accruals	(78,040)
Net adjustment for expenditure accruals	22,841
Net adjustment for other sources/uses	(38,209)
Funds budgeted elsewhere	40,765
Adjustment for encumbrances	43,428
GAAP basis	\$ 77,304

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, other grants fund and the termination benefits fund.

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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.

**B. Litigation**

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

**NOTE 16 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 16 - SET-ASIDES (Continued)**

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	Capital <u>Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	150,189
Prior year offset from bond proceeds	<u>(150,189)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

The District has \$13,364,522 in debt proceeds that will be available in future fiscal years as a capital improvement offset.

**NOTE 17 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	Year-End
<u>Fund</u>	<u>Encumbrances</u>
General fund	\$ 44,763
Classroom facilities fund	452,984
Other governmental	<u>10,922</u>
Total	<u>\$ 508,669</u>

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As of June 30, 2014, the District had the following contractual commitments outstanding:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2014</u>
Fanning Howey Associates	\$ 473,869	\$ (113,167)	\$ 360,702
Regency Construction Services	81,548	-	81,548
Gandee & Associates	<u>19,105</u>	<u>(8,371)</u>	<u>10,734</u>
Total	<u>\$ 574,522</u>	<u>\$ (121,538)</u>	<u>\$ 452,984</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**NOTE 19 - SUBSEQUENT EVENT**

On September 23, 2014, the District refunded \$2,540,000 of the Series 2004 bonds by issuing \$2,540,000 in Series 2014 School Improvement Refunding Bonds. The refunding bonds carry an interest rate of 3.35% and have a final maturity date of July 15, 2020.

On December 10, 2014, the District issued \$825,000 in bonds to complete energy conservation measures within the District's buildings. The bonds carry an interest rate of 2.90% and have a final maturity of December 1, 2029.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 20, 2015.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

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

April 20, 2015



# Dave Yost • 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, 2015**