



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Colonel Crawford Local School District, Crawford County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**JIM PETRO**  
Auditor of State

December 13, 2001

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fund Type Enterprise</u>	<u>Fund Type Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<b>Assets and Other Debits</b>									
<b>Assets:</b>									
Equity in Pooled Cash and Cash Equivalents	\$641,430	\$170,408	\$398	\$217,559	\$38,234	\$42,043			\$1,110,072
Receivables (Net of Allowances of Uncollectables):									
Property Taxes - Current & Delinquent Accounts	3,820,885								3,820,885
Advance to Other Funds	618								618
Prepayments	10,615								10,615
Materials and Supplies Inventory	12,912				1,668				14,580
Inventory Held for Resale	9,516								9,516
<b>Restricted Assets:</b>									
Equity in Pooled Cash and Cash Equivalents	173,887								173,887
Property, Plant and Equipment (Net of Accumulated Depreciation Where Applicable)					8,344		\$5,167,249		5,175,593
<b>Other Debits:</b>									
Amount available in Debt Service Fund								\$398	398
Amount to be provided for retirement of General Long-Term Obligations								615,110	615,110
<b>Total Assets and Other Debits</b>	<b>\$4,670,561</b>	<b>\$170,408</b>	<b>\$398</b>	<b>\$217,559</b>	<b>\$48,246</b>	<b>\$42,043</b>	<b>\$5,167,249</b>	<b>\$615,508</b>	<b>\$10,931,972</b>

The Notes to the General Purpose Financial Statements are an Integral Part of this Statement.

**Continued**

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001  
(Continued)

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency	General Fixed Assets	General Long-Term Obligations	
<b>Liabilities, Equities and Other Credits</b>									
<b>Liabilities:</b>									
Accounts Payable	\$11,571	\$2,367		\$20,598					\$34,536
Contracts Payable	85,890								85,890
Accrued Wages and Benefits	678,594	22,848			\$24,179				725,621
Compensated Absences Payable	46,652				10,129			\$328,379	385,160
Pension Obligation Payable	86,480	2,230			10,020			37,356	136,086
Advances From Other Funds		618							618
Deferred Revenue	2,795,493				595				2,796,088
Due to Students						\$42,043			42,043
Waterline Project Payable								111,790	111,790
Bus Garage Loan Payable								137,983	137,983
<b>Total Liabilities</b>	<b>3,704,680</b>	<b>28,063</b>		<b>20,598</b>	<b>44,923</b>	<b>42,043</b>		<b>615,508</b>	<b>4,455,815</b>
<b>Equity and Other Credits:</b>									
Investment in General Fixed Assets							\$5,167,249		5,167,249
<b>Retained Earnings: Unreserved</b>					3,323				3,323
<b>Fund Balances:</b>									
Designated for Termination Benefits		99,500							99,500
Reserved for Encumbrances	34,119	2,189		5,859					42,167
Reserved for Supplies Inventory	22,428								22,428
Reserved for Advances	618								618
Reserved for Prepayments	10,615								10,615
Reserved for Debt Service			\$398						398
Reserved for Tax Revenue Unavailable									
For Appropriation	1,025,392								1,025,392
Reserved for Instructional Materials	48,476								48,476
Reserved for Capital Maintenance	74,409								74,409
Reserved for Budget Stabilization	51,002								51,002
Unreserved-Undesignated	(301,178)	40,656		191,102					(69,420)
<b>Total Equity and Other Credits</b>	<b>965,881</b>	<b>142,345</b>	<b>398</b>	<b>196,961</b>	<b>3,323</b>		<b>5,167,249</b>		<b>6,476,157</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$4,670,561</b>	<b>\$170,408</b>	<b>\$398</b>	<b>\$217,559</b>	<b>\$48,246</b>	<b>\$42,043</b>	<b>\$5,167,249</b>	<b>\$615,508</b>	<b>\$10,931,972</b>

The Notes to the General Purpose Financial Statements are an Integral Part of this Statement.

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
<b>From Local Sources:</b>					
Taxes	\$3,712,737				\$3,712,737
Tuition	152,399				152,399
Earnings on Investments	99,043				99,043
Other Local Revenues	72,037	\$97,167		\$1,350	170,554
Other Revenue	2,799				2,799
Intergovernmental - State	2,517,682	95,008		34,000	2,646,690
Intergovernmental - Federal		192,245			192,245
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	6,556,697	384,420		35,350	6,976,467
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	2,926,060	99,165		20,598	3,045,823
Special	659,466	136,596			796,062
Other	5,310				5,310
<b>Support Services:</b>					
Pupil	316,782	17,363		370	334,515
Instructional Staff	268,888	34,420		29,297	332,605
Board of Education	92,804				92,804
Administration	595,188	1,481			596,669
Fiscal	213,474				213,474
Operations and Maintenance	595,141	1,784		2,000	598,925
Pupil Transportation	431,815				431,815
Central	3,982	3,178			7,160
Community Services	1,000	22,848			23,848
Extracurricular Activities	207,516	93,245			300,761
Facilities Services	94,768			17,497	112,265
<b>Debt Service:</b>					
Principal Retirement	15,878		\$14,340		30,218
Interest and Fiscal Charges	7,453		10,076		17,529
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	6,435,525	410,080	24,416	69,762	6,939,783
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	121,172	(25,660)	(24,416)	(34,412)	36,684
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In		45,618	24,805	100,000	170,423
Operating Transfers Out	(169,805)	(618)			(170,423)
Proceeds from Sale of Assets	8,525	40			8,565
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(161,280)	45,040	24,805	100,000	8,565
Excess (Deficiency) of Revenues and					
Other Financing Sources Over (Under)					
Expenditures and Other Financing (Uses)	(40,108)	19,380	389	65,588	45,249
Fund Balance, July 1, 2000	1,002,423	122,965	9	131,373	1,256,770
Increase in Reserve for Inventory	3,566				3,566
Fund Balance, June 30, 2001	<u>\$965,881</u>	<u>\$142,345</u>	<u>\$398</u>	<u>\$196,961</u>	<u>\$1,305,585</u>

The Notes to the General Purpose Financial Statements are an Integral Part of this Statement.

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
JUNE 30, 2001

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
<b>From Local Sources:</b>						
Taxes	\$3,728,536	\$3,674,674	(\$53,862)			
Tuition	83,000	152,399	69,399			
Earnings on Investments	97,000	99,043	2,043			
Other Local Revenues	50,279	55,352	5,073	\$95,865	\$97,167	\$1,302
Other Revenue		2,799	2,799			
Intergovernmental - State	2,533,647	2,518,883	(14,764)	142,372	95,007	(47,365)
Intergovernmental - Federal				169,877	209,172	39,295
Total Revenues	<u>6,492,462</u>	<u>6,503,150</u>	<u>10,688</u>	<u>408,114</u>	<u>401,346</u>	<u>(6,768)</u>
<b>Expenditures:</b>						
Current:						
<b>Instruction:</b>						
Regular	3,072,386	3,001,180	71,206	138,667	126,966	11,701
Special	736,783	674,213	62,570	145,626	132,691	12,935
Other	6,000	5,310	690			
<b>Support Services:</b>						
Pupil	350,043	325,071	24,972	17,598	17,598	0
Instructional Staff	298,632	269,977	28,655	42,194	34,738	7,456
Board of Education	104,484	101,685	2,799			
Administration	630,302	595,210	35,092	2,300	1,481	819
Fiscal	236,657	215,531	21,126			
Operations and Maintenance	597,375	586,955	10,420		1,784	(1,784)
Pupil Transportation	453,385	428,890	24,495			
Central	10,500	3,982	6,518	5,000	3,178	1,822
Community Services	1,000	1,000	0	34,848	22,848	12,000
Extracurricular Activities	210,131	207,560	2,571	102,042	93,810	8,232
Facilities Services	33,208	24,459	8,749			
<b>Debt Service:</b>						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	<u>6,740,886</u>	<u>6,441,023</u>	<u>299,863</u>	<u>488,275</u>	<u>435,094</u>	<u>53,181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(248,424)</u>	<u>62,127</u>	<u>310,551</u>	<u>(80,161)</u>	<u>(33,748)</u>	<u>46,413</u>
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year's Expenditures	600	17,759	17,159			
Operating Transfers In		(118)	(118)		42,624	42,624
Operating Transfers (Out)	(24,095)	(169,687)	(145,592)		2,376	2,376
Advances In		24,480	24,480		8,540	8,540
Advances (Out)		(8,540)	(8,540)	(22,200)	(24,480)	(2,280)
Proceeds of Sale of Fixed Assets		8,525	8,525		40	40
Total Other Financing Sources (Uses)	<u>(23,495)</u>	<u>(127,581)</u>	<u>(104,086)</u>	<u>(22,200)</u>	<u>29,100</u>	<u>51,300</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(271,919)</u>	<u>(65,454)</u>	<u>206,465</u>	<u>(102,361)</u>	<u>(4,648)</u>	<u>97,713</u>
Fund Balances, July 1, 2000	770,328	770,328	0	136,965	136,965	0
Prior Year Encumbrances Appropriated	<u>64,788</u>	<u>64,788</u>	<u>0</u>	<u>34,519</u>	<u>34,519</u>	<u>0</u>
Fund Balances, June 30, 2001	<u>\$563,197</u>	<u>\$769,662</u>	<u>\$206,465</u>	<u>\$69,123</u>	<u>\$166,836</u>	<u>\$97,713</u>

The Notes to the General Purpose Financial Statements are an Integral Part of this Statement.

(Continued)

Debt Service			Capital Projects			Total (Memorandum only)		
Budget		Variance:	Budget		Variance:	Budget		Variance:
Revised	Actual	Favorable (Unfavorable)	Revised	Actual	Favorable (Unfavorable)	Revised	Actual	Favorable (Unfavorable)
			0	0		\$3,728,536	\$3,674,674	(\$53,862)
						83,000	152,399	69,399
						97,000	99,043	2,043
			\$1,400	\$1,350	(\$50)	147,544	153,869	6,325
						0	2,799	2,799
			24,000	34,000	10,000	2,700,019	2,647,890	(52,129)
						169,877	209,172	39,295
			25,400	35,350	9,950	6,925,976	6,939,846	13,870
				23,167	(23,167)	3,211,053	3,151,313	59,740
						882,409	806,904	75,505
						6,000	5,310	690
				370	(370)	367,641	343,039	24,602
			60,362	32,587	27,775	401,188	337,302	63,886
						104,484	101,685	2,799
						632,602	596,691	35,911
0	0		0	0		236,657	215,531	21,126
			26,400	2,000	24,400	623,775	590,739	33,036
						453,385	428,890	24,495
						15,500	7,160	8,340
			0	0		35,848	23,848	12,000
						312,173	301,370	10,803
			95,500	17,497	78,003	128,708	41,956	86,752
\$14,632	\$14,340	\$292				14,632	14,340	292
10,168	10,076	92				10,168	10,076	92
24,800	24,416	384	182,262	75,621	106,641	7,436,223	6,976,154	460,069
(24,800)	(24,416)	384	(156,862)	(40,271)	116,591	(510,247)	(36,308)	473,939
						600	17,759	17,159
24,095	24,805	710		100,000	100,000	24,095	167,311	143,216
						(24,095)	(167,311)	(143,216)
						0	33,020	33,020
			0	0		(22,200)	(33,020)	(10,820)
						0	8,565	8,565
24,095	24,805	710		100,000	100,000	(21,600)	26,324	47,924
(705)	389	1,094	(156,862)	59,729	216,591	(531,847)	(9,984)	521,863
9	9	0	101,629	101,629	0	1,008,931	1,008,931	0
			29,744	29,744	0	129,051	129,051	0
(\$696)	\$398	\$1,094	(\$25,489)	\$191,102	\$216,591	\$606,135	\$1,127,998	\$521,863

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGE IN RETAINED EARNINGS (ACCUMULATED DEFICIT)  
PROPRIETARY FUND TYPE  
JUNE 30, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales/Charges for Services	\$242,494
Total Operating Revenues	242,494
<b>Operating Expenses:</b>	
Personal Services	149,744
Contract Services	2,945
Materials and Supplies	131,028
Depreciation	198
Other	556
Total Operating Expenses	284,471
Operating Loss	(41,977)
<b>Nonoperating Revenues:</b>	
Operating Grants	45,062
Federal Commodities	8,710
Interest Revenue	6,015
Total Nonoperating Revenues	59,787
Net income	17,810
Accumulated Deficit July 1, 2000	(14,487)
Retained Earnings June 30, 2001	\$3,323

The Notes to the General Purpose Financial Statements are an Integral Part of this Statement.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
JUNE 30, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Sales/Service Charges	\$242,494
Cash Payments for Personal Services	(146,728)
Cash Payments for Contract Services	(2,945)
Cash Payments for Supplies and Materials	(122,309)
Cash Payments for Other Expenses	(556)
Net Cash Used In Operating Activities	(30,044)
<b>Cash Flows From Noncapital Financing Activities:</b>	
Cash Received From Operating Grants	45,062
Net Cash Provided by Noncapital Financing Activities	45,062
<b>Cash Flows From Investing Activities:</b>	
Interest Received	6,015
Net Cash Provided by Investing Activities	6,015
Net Increase in Cash and Cash Equivalents	21,033
Cash and Cash Equivalents at Beginning of Year	17,201
Cash and Cash Equivalents at End of Year	\$38,234
<b>Reconciliation of Operating Loss to</b>	
<b>Net Cash Used in Operating Activities:</b>	
Operating Loss	(\$41,977)
<b>Adjustments to Reconcile Operating Loss</b>	
<b>To Net Cash Used In Operating Activities:</b>	
Depreciation	198
Federal Donated Commodities	8,710
<b>Changes in Assets and Liabilities:</b>	
Decrease in Supplies Inventory	169
Decrease in Accounts Payable	(6)
Increase in Accrued Wages & Benefits	5,005
Increase in Compensated Absences Payable	362
Decrease in Pension Obligation Payable	(2,345)
Decrease in Deferred Revenue	(160)
Net Cash Used in Operating Activities	(\$30,044)

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**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 489<sup>th</sup> largest by enrollment among the 660 public and community school districts in the State, and 5<sup>th</sup> largest in Crawford County. It currently operates 2 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 42 non-certified and 78 certified employees to provide services to 1,047 students in grades K through 12 and various community groups.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**A. Reporting Entity (Continued)**

**Joint Venture Without Equity Interest:**

**North Central Ohio Computer Cooperative (NCOCC)**

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

The District also participates in two insurance group purchasing pools, described in Note 11.

**B. Fund Accounting**

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

**Governmental Funds**

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

**General Fund**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**B. Fund Accounting (Continued)**

**Governmental Funds (Continued)**

**Special Revenue Funds**

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

**Debt Service Fund**

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

**Capital Projects Funds**

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

**Proprietary Funds**

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

**Enterprise Fund**

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

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an Agency fund. The Agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The Agency fund is presented on a budget basis, with note disclosure (see Note 3), regarding items which, in other fund types, would be recognized on the combined balance sheet.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**B. Fund Accounting (Continued)**

**Account Groups**

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

**General Fixed Assets Account Group**

This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary funds.

**General Long-Term Obligations Account Group**

This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the Proprietary funds.

**C. Measurement Focus/Basis of Accounting**

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

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

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

The modified accrual basis of accounting is followed for Governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include accounts (student fees and rent). Current property taxes measurable as of June 30, 2001, but which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**C. Measurement Focus/Basis of Accounting (Continued)**

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

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

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

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

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

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

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**D. Budgets (Continued)**

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditure, 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.) 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. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either decreased or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**D. Budgets (Continued)**

9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.
10. Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. There were no encumbrances outstanding for the Enterprise fund at June 30, 2001.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both restricted and unrestricted) on the combined balance sheet.

During fiscal year 2001, investments were limited to investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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 2001 amounted to \$99,043, which includes \$22,292 assigned from other District funds. Interest revenue credited to the Food Service fund during fiscal 2001 amounted to \$6,015, which includes \$3,672 assigned from other District funds.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**F. Inventory**

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

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

**G. Prepays**

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

**H. Fixed Assets and Depreciation**

**1. General Fixed Assets Account Group**

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

**2. Proprietary Funds**

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**H. Fixed Assets and Depreciation (Continued)**

**2. Proprietary Funds (Continued)**

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

**I. Intergovernmental Revenues**

The District currently participates in various state and federal programs categorized as follows:

**Entitlements**

**General Fund**

State Foundation Program  
State Property Tax Relief

**Non-Reimbursable Grants**

**Special Revenue Funds**

Management Information Systems  
Title VI-B  
Title I  
Title VI  
Title VI-R  
Drug-Free Schools  
Textbook/Instructional Materials Subsidy  
Professional Development  
SchoolNet Grants  
Ohio Reads Grant

**Reimbursable Grants**

**General Fund**

School Bus Purchase  
Driver Education  
Vocational Education

**Special Revenue Funds**

Telecommunications Act Grant

**Proprietary Fund**

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to over 39% of the District's operating revenue during the 2001 fiscal year.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**J. Compensated Absences**

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

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

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

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

**K. Long-Term Obligations**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**K. Long-Term Obligations (Continued)**

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

**L. Fund Equity**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, tax advance unavailable for appropriation, prepayments, long-term interfund advances, debt service, inventories of materials and supplies, instructional materials, capital maintenance, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

Designations of fund equity reflect only management's intent and are not considered to be legally segregated. Fund equity designations may be changed or eliminated at management's discretion.

**M. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**M. Interfund Transactions (Continued)**

5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2001 is presented in Note 5.

**N. Restricted Assets**

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, instructional materials reserve, and capital maintenance reserve. These reserves are required by State statute and their use is limited by legal requirements.

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. Except for the unspent portion of certain workers' compensation refunds, monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund equity in the General fund. The District is still required by state law to maintain the textbook reserve and the capital acquisition reserve. See Note 2.P. for statutory reserves.

**O. Estimates**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**P. Statutory Reserves**

The District is required by state law to set aside certain (cash-basis) General fund revenue amounts, as defined by Statute, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>	<u>Total</u>
Balance at 7/1/00	\$ 24,275	\$ 40,005	\$ 81,585	\$ 145,865
Required Set-Aside	160,650	160,650		321,300
Change in Statutory Requirement			(30,583)	(30,583)
Qualifying Expenditures	<u>(136,449)</u>	<u>(126,246)</u>	_____	<u>(262,695)</u>
Balance at 6/30/01	<u>\$ 48,476</u>	<u>\$ 74,409</u>	<u>\$ 51,002</u>	<u>\$ 173,887</u>

A schedule of restricted assets at June 30, 2001 follows:

Amount restricted for budget stabilization	\$ 51,002
Amount restricted for capital maintenance	74,409
Amount restricted for instructional materials	<u>48,476</u>
Total restricted assets	<u>\$173,887</u>

**Q. Memorandum Only - Total Columns**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, and Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, were implemented during fiscal 2001. In accordance with these statements, certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions may have been reported in a manner inconsistent with prior fiscal years; however, the adoption of this statement had no material effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**B. Deficit Fund Balances**

Fund balances at June 30, 2001 included the following individual fund deficits:

<b>Special Revenue Funds</b>	<b>Deficit Balance</b>
Ohio Reads	\$(1,882)
Title I	(6,195)

These deficits, caused by the application of generally accepted accounting principles, will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

**C. Agency Fund**

The following are accruals for the Agency fund, which, in another fund type, would be recognized in the combined balance sheet:

<b>ASSETS</b>	
Accounts receivable	<u>\$151</u>

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

*Deposits:* At year end, the carrying amount of the District's deposits was \$94,025 and the bank balance was \$152,138. Of the bank balance:

1. \$134,979 was covered by federal depository insurance.
2. \$17,159 was covered by eligible securities pledged to the District by the financial institution.

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

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

The District's only investment at year end was in STAR Ohio. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The fair value of the District's investment in STAR Ohio at June 30, 2001 was \$1,189,934.

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

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

	<b><u>Equity in Pooled Cash and Cash Equivalents</u></b>	<b><u>Investments</u></b>
GASB Statement No. 9	\$ 1,283,959	
Investments of the cash management pool:		
Investment in STAR Ohio	<u>(1,189,934)</u>	<u>\$1,189,934</u>
GASB Statement No. 3	<u>\$ 94,025</u>	<u>\$1,189,934</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**5. INTERFUND TRANSACTIONS**

1. The following is a reconciliation of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$(169,805)
<b>Debt Service Fund</b>		
Bus Garage Debt	\$ 24,805	
<b>Special Revenue Funds</b>		
Termination Benefits	45,000	
Ohio Reads		(618)
Miscellaneous State Grants	618	
<b>Capital Projects Funds</b>		
CCHS Phase II	<u>100,000</u>	<u>          </u>
Totals	<u>\$170,423</u>	<u>\$(170,423)</u>

2. Interfund balance at June 30, 2001 consist of the following long-term advances:

	<u>Advances to Other Funds</u>	<u>Advances (from) Other Funds</u>
General Fund	\$618	
<b>Special Revenue Funds</b>		
Ohio Reads Grant	<u>          </u>	\$(618)
Total Interfund Loans	<u>\$618</u>	<u>\$(618)</u>

**6. PROPERTY TAXES**

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

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies which is assessed 50% of market value, and railroads, which are assessed at 29% of market value.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. PROPERTY TAXES (Continued)**

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

The assessed values upon which the fiscal year 2001 taxes were collected are as follows:

	<u>2000 Second-Half Collections</u>		<u>2001 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 69,949,060	67.96	\$ 82,380,650	71.69
Public Utility Personal	6,183,370	6.01	5,431,820	4.72
Tangible Personal Property	<u>26,792,005</u>	<u>26.03</u>	<u>27,102,973</u>	<u>23.59</u>
	<u>\$102,924,435</u>	<u>100.00</u>	<u>\$114,915,443</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$50.20		\$50.20

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end. Available tax advances at June 30, 2001 totaled \$1,025,392 in the General fund.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. RECEIVABLES**

Receivables at June 30, 2001 consisted of taxes, interfund loans, and accounts (billings for user charged services and student fees). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

A summary of the principal items of receivables follows:

<u>General Fund</u>	<u>Amount</u>
Taxes - current & delinquent	\$3,820,885

**8. CAPITAL LEASES**

In prior years, the District entered into a capital lease for the acquisition of computer equipment. The terms of the agreement provided an option to purchase the equipment. The lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$116,700, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2001 fiscal year totaled \$7,612, which liquidated the lease obligation. This amount is reflected as debt service principal retirement in the General fund.

**9. FIXED ASSETS**

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Land/ improvements	\$ 653,507		\$ (1,836)	\$ 651,671
Buildings	2,377,553			2,377,553
Furniture/equipment	1,072,091	\$ 68,718	(41,522)	1,099,287
Vehicles	748,800	67,041	(38,153)	777,688
Construction-in-progress	<u>                    </u>	<u>261,050</u>	<u>                    </u>	<u>261,050</u>
 Total	 <u>\$4,851,951</u>	 <u>\$396,809</u>	 <u>\$(81,511)</u>	 <u>\$5,167,249</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**9. FIXED ASSETS (Continued)**

A summary of the Proprietary fixed assets at June 30, 2001 follows:

Furniture and equipment	\$73,702
Less: accumulated depreciation	<u>(65,358)</u>
Net fixed assets	<u>\$ 8,344</u>

**10. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation payable will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Compensated absences	\$279,886	\$48,493		\$328,379
Pension obligation payable	39,490	37,356	\$(39,490)	37,356
Capital lease payable	7,612		(7,612)	
Bus garage loan payable	152,323		(14,340)	137,983
Waterline project payable	<u>120,056</u>	<u>      </u>	<u>(8,266)</u>	<u>111,790</u>
Total	<u>\$599,367</u>	<u>\$85,849</u>	<u>\$(69,708)</u>	<u>\$615,508</u>

**Waterline Project**

The District entered into an agreement with the Crawford County Commissioners on November 19, 1996 regarding costs for a water system improvement project in Sewer District No. 2. Under this agreement, the District will pay \$159,584 over a period of fifteen years in return for exemption from tap-in charges. Interest on this obligation will be calculated at a rate indexed to the rate of interest paid by the Crawford County Commissioners on its debt arising from this project. During fiscal 2001, the District made \$8,266 in principal payments and \$7,314 in interest payments on this obligation.

Principal and interest payments are reported in the District's General fund. \$111,790, representing the remaining principal obligation at June 30, 2001, is reported in the General Long-Term Obligations Account Group.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**Bus Garage Loan**

The District entered into a bus garage lease purchase agreement on September 10, 1998. Under this agreement, the District will pay annual installments of \$24,095 over a period of 10 years. Interest on this loan is a variable rate calculated at 75% of the Prime Rate in effect as of the first day of each month. During fiscal 2001, the District made \$14,340 in principal payments and \$10,076 in interest payments on this obligation. Principal and interest payments are reported in the District's Debt Service fund. \$137,983, representing the remaining principal obligation at June 30, 2001, is reported in the General Long-Term Obligations Account Group.

**A. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$10,342,788 (including available funds of \$398) and an unvoted debt margin of \$114,915.

**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 Nationwide Mutual Insurance Company for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate, along with a \$2,000,000 umbrella for uninsured underinsured motorists. Property is protected by Cincinnati Insurance Company and holds a \$500 deductible. Real property and contents are 100% coinsured.

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

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2000.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**11. RISK MANAGEMENT (Continued)**

**B. Employee Health Insurance**

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

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

**C. Workers Compensation**

**Osba Worker's Compensation Group Rating**

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**12 SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains one Enterprise fund which provides lunchroom/cafeteria services; therefore, segment information for the year ended June 30, 2001 is not presented. The enterprise fund had no encumbrances outstanding at June 30, 2001.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**13. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2001; 4.2 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$138,338, \$128,705, and \$108,385, respectively; 61 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$52,872, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.5 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$510,043, \$503,856, and \$413,277, respectively; 85 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$72,968, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2001, members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**14. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$140,488 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 million at June 30, 2000 (the latest information available). For the year ended June 30, 2000 net health care costs paid by STRS were \$283.137 million and there were 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$252.3 million and there were approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$108,574 during the 2001 fiscal year.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**15. BUDGETARY BASIS OF ACCOUNTING**

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

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

**Excess (Deficiency) of Revenues and Other Financing  
Sources Over/(Under) Expenditures and Other  
Financing Uses  
Governmental Fund Types**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Budget basis	\$(65,454)	\$ (4,648)	\$ 59,729
Net adjustment for revenue accruals	53,547	(16,926)	
Net adjustment for expenditure accruals	(40,158)	21,442	(20,598)
Net adjustment for other financing sources (uses)	(33,699)	15,940	
Encumbrances (budget basis)	<u>45,656</u>	<u>3,572</u>	<u>26,457</u>
GAAP basis	<u><u>\$(40,108)</u></u>	<u><u>\$ 19,380</u></u>	<u><u>\$ 65,588</u></u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**16. CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

**B. Litigation**

The District was not involved in litigation as either plaintiff or defendant at period end that would materially affect the financial statements.

**C. State School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 30, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

**16. CONTINGENCIES (Continued)**

**C. State School Funding Decision (Continued)**

As of the date of these financial statements, the District is unable to determine the effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the general purpose financial statements of the Colonel Crawford Local School District, Crawford County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 13, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 13, 2001.

**Internal Control Over Financial Reporting**

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

This report is intended for the information and use of the finance committee, Board of Education, and management, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

December 13, 2001

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2001

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-10517-001	Ohio Rev. Code Section 5705.41 (B) Expenditures exceeded appropriations at the legal level of control at year end.	Yes	





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
JANUARY 3, 2002**