



**Auditor of State  
Betty Montgomery**



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio, (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2006, and the respective changes in financial position thereof, and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards receipts and expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards receipts and expenditure to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

November 13, 2006

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
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, 2006. 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 2006 are as follows:

- In total, net assets of governmental activities increased \$799,809 which represents a 25.43% increase from 2005.
- General revenues accounted for \$8,268,974 in revenue or 84.02% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,572,283 or 15.98% of total revenues of \$9,841,257.
- The District had \$9,041,448 in expenses related to governmental activities; \$1,572,283 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,268,974 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund and building fund. The general fund had \$8,098,943 in revenues and \$7,287,759 in expenditures and other financing uses. During fiscal year 2006, the general fund's fund balance increased \$811,184 from \$400,193 to \$1,211,377.
- The debt service fund had \$948,886 in revenues and other financing sources and \$925,285 in expenditures. During fiscal year 2006, the debt service fund's fund balance increased \$23,601 from \$822,127 to \$845,728.
- The building fund had \$306,051 in revenues and \$7,381,491 in expenditures. During fiscal year 2006, the building fund's fund balance decreased \$7,075,440 from \$7,127,097 to \$51,657.

**Using these Basic Financial Statements**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund and building fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 20. 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 21-47 of this report.

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2006 and 2005.

	<b>Net Assets</b>	
	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 7,807,561	\$ 16,090,105
Capital assets, net	<u>16,699,863</u>	<u>9,390,431</u>
Total assets	<u>24,507,424</u>	<u>25,480,536</u>
<b><u>Liabilities</u></b>		
Current liabilities	5,301,331	6,873,973
Long-term liabilities	<u>15,260,526</u>	<u>15,460,805</u>
Total liabilities	<u>20,561,857</u>	<u>22,334,778</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	2,558,985	1,477,823
Restricted	1,179,330	1,949,916
Unrestricted (deficit)	<u>207,252</u>	<u>(281,981)</u>
Total net assets	<u>\$ 3,945,567</u>	<u>\$ 3,145,758</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$3,945,567. Of this total, \$1,179,330 is restricted in use.

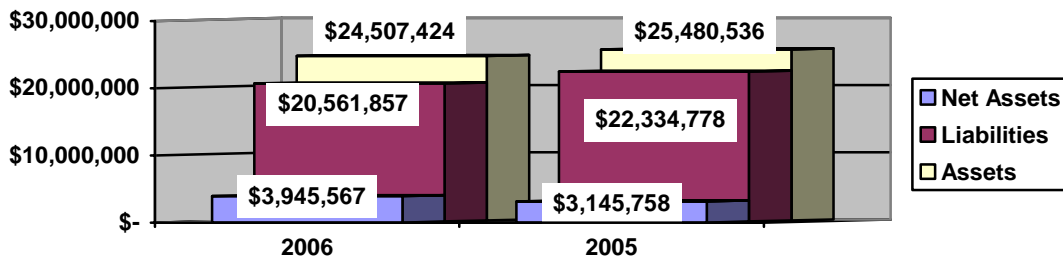
**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

At year-end, capital assets represented 68.14% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Capital assets, net of related debt to acquire the assets at June 30, 2006, were \$2,558,985. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,179,330, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$207,252 may be used to meet the District's ongoing obligations to the students and creditors.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2006 and 2005.

**Change in Net Assets**

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,076,334	\$ 1,166,168
Operating grants and contributions	495,949	506,399
Capital grants and contributions	-	8,820
General revenues:		
Property taxes	5,091,330	4,962,052
Grants and entitlements	2,913,443	2,830,319
Investment earnings	254,395	271,542
Other	9,806	9,462
Total revenues	<u>9,841,257</u>	<u>9,754,762</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

**Change in Net Assets**

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 3,560,471	\$ 3,550,755
Special	1,038,925	982,476
Vocational	26,293	6,401
Support services:		
Pupil	350,686	391,092
Instructional staff	263,615	237,471
Board of education	64,598	75,578
Administration	716,901	738,483
Fiscal	297,510	287,255
Business	-	5,291
Operations and maintenance	592,223	583,104
Pupil transportation	577,721	573,322
Central	17,651	17,290
Operations of non-instructional services	292	13,962
Food service operations	511,134	304,876
Extracurricular activities	326,633	355,511
Interest and fiscal charges	<u>696,795</u>	<u>720,331</u>
Total expenses	<u>9,041,448</u>	<u>8,843,198</u>
Change in net assets	799,809	911,564
Net assets at beginning of year	<u>3,145,758</u>	<u>2,234,194</u>
Net assets at end of year	<u><u>\$ 3,945,567</u></u>	<u><u>\$ 3,145,758</u></u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$799,809. Total governmental expenses of \$9,041,448 were offset by program revenues of \$1,572,283 and general revenues of \$8,268,974. Program revenues supported 17.39% of the total governmental expenses.

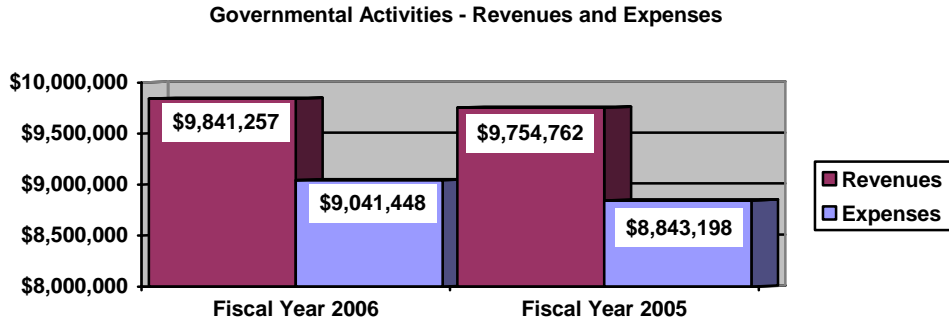
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 81.34% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,625,689 or 51.16% of total governmental expenses for fiscal 2006.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2006 and 2005.



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

**Governmental Activities**

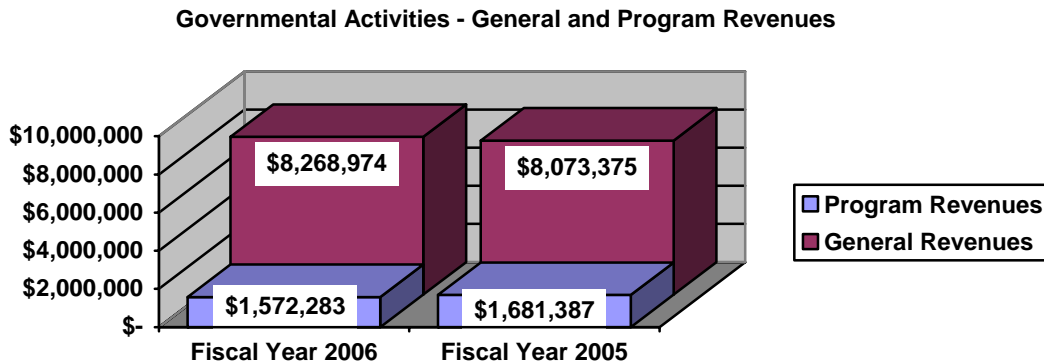
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
<b>Program expenses</b>				
Instruction:				
Regular	\$ 3,560,471	\$ 2,821,014	\$ 3,550,755	\$ 2,686,994
Special	1,038,925	688,424	982,476	661,833
Vocational	26,293	26,293	6,401	6,401
Support services:				
Pupil	350,686	346,330	391,092	355,583
Instructional staff	263,615	222,092	237,471	223,995
Board of education	64,598	64,598	75,578	75,578
Administration	716,901	716,901	738,483	738,483
Fiscal	297,510	297,510	287,255	287,255
Business	-	-	5,291	5,291
Operations and maintenance	592,223	592,223	583,104	583,104
Pupil transportation	577,721	572,721	573,322	573,322
Central	17,651	17,651	17,290	12,290
Operations of non-instructional services	292	292	13,962	7,962
Food service operations	511,134	195,382	304,876	(6,204)
Extracurricular activities	326,633	210,939	355,511	229,593
Interest and fiscal charges	696,795	696,795	720,331	720,331
<b>Total expenses</b>	<b>\$ 9,041,448</b>	<b>\$ 7,469,165</b>	<b>\$ 8,843,198</b>	<b>\$ 7,161,811</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

The dependence upon tax and other general revenues for governmental activities is apparent, 76.44% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.61%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2006 and 2005.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,354,895, which is lower than last year's total of \$8,704,805. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance <u>June 30, 2006</u>	Fund Balance <u>June 30, 2005</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 1,211,377	\$ 400,193	\$ 811,184	202.70 %
Debt Service	845,728	822,127	23,601	2.87 %
Building	51,657	7,127,097	(7,075,440)	(99.28) %
Other Governmental	<u>246,133</u>	<u>355,388</u>	<u>(109,255)</u>	(30.74) %
Total	<u>\$ 2,354,895</u>	<u>\$ 8,704,805</u>	<u>\$ (6,349,910)</u>	(72.95) %

**General Fund**

The District's general fund balance increased \$811,184. The increase in fund balance can be attributed to several items related to increasing revenues and decreased expenditures. Revenues exceed expenditures for fiscal year 2006 by \$833,435.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

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

	2006 <u>Amount</u>	2005 <u>Amount</u>	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 4,450,009	\$ 3,987,554	\$ 462,455	11.60 %
Earnings on investments	101,032	41,326	59,706	144.48 %
Intergovernmental	2,771,605	2,740,533	31,072	1.13 %
Other revenues	<u>776,297</u>	<u>859,198</u>	<u>(82,901)</u>	(9.65) %
 Total	 <u>\$ 8,098,943</u>	 <u>\$ 7,628,611</u>	 <u>\$ 470,332</u>	 6.17 %
<b><u>Expenditures</u></b>				
Instruction	\$ 4,192,266	\$ 4,166,285	\$ 25,981	0.62 %
Support services	2,820,881	2,767,157	53,724	1.94 %
Non-instructional services	292	1,962	(1,670)	(85.12) %
Extracurricular activities	227,370	248,951	(21,581)	(8.67) %
Facilities acquisition and construction	229	39	190	487.18 %
Debt service	<u>24,470</u>	<u>24,470</u>	<u>-</u>	- %
 Total	 <u>\$ 7,265,508</u>	 <u>\$ 7,208,864</u>	 <u>\$ 56,644</u>	 0.79 %

***Debt Service Fund***

The debt service fund had \$948,886 in revenues and other financing sources and \$925,285 in expenditures. During fiscal year 2006, the debt service fund's fund balance increased \$23,601 from \$822,127 to \$845,728.

***Building Fund***

The building fund had \$306,051 in revenues and \$7,381,491 in expenditures. During fiscal year 2006, the building fund's fund balance decreased \$7,075,440 primarily due to expenditures for the building projects going on in the District.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2006, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$7,336,889 and final budgeted revenues and other financing sources were \$7,542,800. Actual revenues and other financing sources for fiscal 2006 was \$7,537,927. This represents a \$4,873 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$7,631,641, which were reduced to \$7,311,100 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$7,291,914, which was \$19,186 less than the final budget appropriations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
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(Continued)**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2006, the District had \$16,699,863 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. This entire amount is reported in governmental activities. The following table shows fiscal 2006 balances compared to 2005:

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

	Governmental Activities	
	2006	2005
Land	\$ 176,390	\$ 176,390
Land improvements	150,613	160,448
Building and improvements	821,217	864,521
Furniture and equipment	111,492	131,368
Vehicles	326,378	298,587
Construction in progress	15,113,773	7,759,117
Total	\$ 16,699,863	\$ 9,390,431

The overall increase in capital assets of \$7,309,432 is due to capital outlays of \$7,420,279 exceeding depreciation expense of \$108,840 and loss on disposal of capital assets of \$2,007 in the fiscal year. The primary increase in capital outlay is a result of construction in progress.

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

***Debt Administration***

At June 30, 2006, the District had \$14,128,607 in general obligation bonds, \$5,756 in capital lease obligations, \$43,953 in bus garage loans, \$62,397 in water line project payable, and \$104,132 in a lease purchase agreement outstanding. Of this total, \$341,571 is due within one year and \$14,003,274 is due within greater than one year. The following table summarizes the bonds, capital lease obligations, loans and water line project payable outstanding.

**Outstanding Debt, at Year End**

	Governmental	Governmental
	Activities	Activities
	2006	2005
General obligation bonds	\$ 14,128,607	\$ 14,333,845
Capital lease obligations	5,756	13,828
Bus garage loans	43,953	66,204
Water line project payable	62,397	73,459
Lease purchase agreement	104,132	-
Total	\$ 14,344,845	\$ 14,487,336

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

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. Proficiency test scores continue to improve, and the high school was recognized in 2005 as 'an excellent high school' having met all seven benchmarks. As a small district we are able to provide academic and extra curricular opportunities to our students on an individualized basis, and it is our absolute priority to see each child fulfill his or her potential.

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

Like most other Ohio school districts, and as mentioned on page 9 of this discussion, the District has suffered as a result of reductions in state funding. In addition, the District is heavily dependent on business and inventory taxes, a revenue stream that will be phased out within the foreseeable future. More than ten teaching positions and three administrative positions have been eliminated since the end of fiscal year 2003 and other expenses were reduced as far as possible to allow the District to operate 'in the black' for the fiscal 2006 school year. A 1.5% tax on earned income has been placed on the November 2007 ballot to generate the needed operating funds. The Board of Education and administration are committed to continue to do everything possible to provide quality education to the children of the District while working with the community and the legislature to seek a long- term solution to the need for operating funds.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's 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. Elizabeth Anatra, Treasurer, Colonel Crawford Local School District, 2303 St. Rt. 602, P.O. Box 7, North Robinson, Ohio 44856-0007.



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

**STATEMENT OF NET ASSETS  
JUNE 30, 2006**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,910,065
Receivables:	
Taxes . . . . .	4,634,690
Accounts . . . . .	35
Intergovernmental . . . . .	25,340
Prepayments . . . . .	19,662
Materials and supplies inventory . . . . .	19,925
Unamortized bond issue costs . . . . .	197,844
Capital assets:	
Land . . . . .	176,390
Construction in progress. . . . .	15,113,773
Depreciable capital assets, net. . . . .	1,409,700
Capital assets, net. . . . .	<u>16,699,863</u>
 Total assets. . . . .	 <u>24,507,424</u>
 <b>Liabilities:</b>	
Accounts payable. . . . .	17,584
Contracts payable. . . . .	425,935
Accrued wages and benefits . . . . .	782,195
Pension obligation payable. . . . .	157,166
Intergovernmental payable . . . . .	25,498
Deferred revenue . . . . .	2,969,207
Compensated absences payable . . . . .	108,947
Accrued interest payable . . . . .	294,799
Notes payable . . . . .	520,000
Long-term liabilities:	
Due within one year. . . . .	393,959
Due within more than one year . . . . .	14,866,567
 Total liabilities . . . . .	 <u>20,561,857</u>
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	2,558,985
Restricted for:	
Capital projects . . . . .	172,546
Debt service. . . . .	601,368
State funded programs. . . . .	2,392
Federally funded programs . . . . .	18,176
Student activities . . . . .	8,594
Public school support . . . . .	22,476
Other purposes . . . . .	353,778
Unrestricted . . . . .	<u>207,252</u>
 Total net assets . . . . .	 <u>\$ 3,945,567</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 3,560,471	\$ 729,317	\$ 10,140	\$ (2,821,014)
Special . . . . .	1,038,925	-	350,501	(688,424)
Vocational . . . . .	26,293	-	-	(26,293)
Support services:				
Pupil . . . . .	350,686	-	4,356	(346,330)
Instructional staff . . . . .	263,615	-	41,523	(222,092)
Board of education . . . . .	64,598	-	-	(64,598)
Administration . . . . .	716,901	-	-	(716,901)
Fiscal . . . . .	297,510	-	-	(297,510)
Operations and maintenance . . . . .	592,223	-	-	(592,223)
Pupil transportation . . . . .	577,721	-	5,000	(572,721)
Central . . . . .	17,651	-	-	(17,651)
Operation of non-instructional services:				
Other non-instructional services . . . . .	292	-	-	(292)
Food service operations . . . . .	511,134	240,976	74,776	(195,382)
Extracurricular activities . . . . .	326,633	106,041	9,653	(210,939)
Interest and fiscal charges . . . . .	696,795	-	-	(696,795)
<b>Total governmental activities . . . . .</b>	<b>\$ 9,041,448</b>	<b>\$ 1,076,334</b>	<b>\$ 495,949</b>	<b>\$ (7,469,165)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	4,208,074
Debt service . . . . .	883,256
Grants and entitlements not restricted	
to specific programs . . . . .	2,913,443
Investment earnings . . . . .	254,395
Miscellaneous . . . . .	9,806
<b>Total general revenues . . . . .</b>	<b>8,268,974</b>
Change in net assets . . . . .	799,809
<b>Net assets at beginning of year . . . . .</b>	<b>3,145,758</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 3,945,567</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 766,943	\$ 554,681	\$ 1,014,614	\$ 319,549	\$ 2,655,787
Receivables:					
Taxes . . . . .	3,785,405	849,285	-	-	4,634,690
Accounts . . . . .	35	-	-	-	35
Intergovernmental . . . . .	-	-	-	25,340	25,340
Loans to other funds . . . . .	618	-	-	-	618
Prepayments . . . . .	19,662	-	-	-	19,662
Materials and supplies inventory . . . . .	18,172	-	-	1,753	19,925
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	<u>254,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,278</u>
Total assets . . . . .	<u>\$ 4,845,113</u>	<u>\$ 1,403,966</u>	<u>\$ 1,014,614</u>	<u>\$ 346,642</u>	<u>\$ 7,610,335</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 3,904	\$ -	\$ 13,680	\$ -	\$ 17,584
Contracts payable . . . . .	-	-	425,935	-	425,935
Accrued wages and benefits . . . . .	709,253	-	-	72,942	782,195
Compensated absences payable . . . . .	108,947	-	-	-	108,947
Accrued interest payable . . . . .	-	-	3,342	-	3,342
Pension obligation payable . . . . .	141,198	-	-	15,968	157,166
Intergovernmental payable . . . . .	23,775	-	-	1,723	25,498
Notes payable . . . . .	-	-	520,000	-	520,000
Loans from other funds . . . . .	-	-	-	618	618
Deferred revenue . . . . .	<u>2,646,659</u>	<u>558,238</u>	<u>-</u>	<u>9,258</u>	<u>3,214,155</u>
Total liabilities . . . . .	<u>3,633,736</u>	<u>558,238</u>	<u>962,957</u>	<u>100,509</u>	<u>5,255,440</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	5,664	-	265,576	3,503	274,743
Reserved for materials and supplies inventory . . . . .	18,172	-	-	1,753	19,925
Reserved for prepayments . . . . .	19,662	-	-	-	19,662
Reserved for property tax unavailable for appropriation . . . . .	1,138,746	291,047	-	-	1,429,793
Reserved for internal loans . . . . .	618	-	-	-	618
Reserved for textbooks . . . . .	254,278	-	-	-	254,278
Reserved for debt service . . . . .	-	554,681	-	-	554,681
Unreserved:					
Designated for termination benefits . . . . .	-	-	-	99,500	99,500
Unreserved, undesignated (deficit), reported in:					
General fund . . . . .	(225,763)	-	-	-	(225,763)
Special revenue funds . . . . .	-	-	-	20,488	20,488
Capital projects funds . . . . .	-	-	(213,919)	120,889	(93,030)
Total fund balances . . . . .	<u>1,211,377</u>	<u>845,728</u>	<u>51,657</u>	<u>246,133</u>	<u>2,354,895</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,845,113</u>	<u>\$ 1,403,966</u>	<u>\$ 1,014,614</u>	<u>\$ 346,642</u>	<u>\$ 7,610,335</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2006**

<b>Total governmental fund balances</b>		\$	2,354,895
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			16,699,863
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	235,690	
Intergovernmental revenue		<u>9,258</u>	
Total			244,948
In the statement of activities interest is accrued on outstanding notes, whereas in the governmental funds, interest expenditures are reported when due			(291,457)
Unamortized bond issuance costs are not recognized in the funds.			197,844
Unamortized premiums on bond issuance is not recognized in the funds.			(393,088)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(522,593)	
Loans payable		(106,350)	
Lease purchase agreement		(104,132)	
Capital lease payable		(5,756)	
General obligation bonds payable		<u>(14,128,607)</u>	
Total			<u>(14,867,438)</u>
<b>Net assets of governmental activities</b>		<u>\$</u>	<u>3,945,567</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 4,450,009	\$ 784,797	\$ 152,808	\$ -	\$ 5,387,614
Tuition . . . . .	663,460	-	-	-	663,460
Charges for services . . . . .	-	-	-	240,976	240,976
Earnings on investments . . . . .	101,032	-	153,243	120	254,395
Extracurricular . . . . .	38,344	-	-	67,697	106,041
Classroom materials and fees . . . . .	44,893	-	-	1,170	46,063
Other local revenues . . . . .	29,600	-	-	10,653	40,253
Intergovernmental - Intermediate . . . . .	5,350	-	-	-	5,350
Intergovernmental - State . . . . .	2,766,255	141,838	-	26,537	2,934,630
Intergovernmental - Federal . . . . .	-	-	-	460,654	460,654
Total revenue . . . . .	<u>8,098,943</u>	<u>926,635</u>	<u>306,051</u>	<u>807,807</u>	<u>10,139,436</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	3,576,150	-	-	22,108	3,598,258
Special . . . . .	616,116	-	-	395,917	1,012,033
Support services:					
Pupil . . . . .	343,617	-	-	6,488	350,105
Instructional staff . . . . .	218,286	-	-	42,843	261,129
Board of education . . . . .	64,264	-	-	-	64,264
Administration . . . . .	676,031	-	-	-	676,031
Fiscal . . . . .	269,763	25,720	-	-	295,483
Operations and maintenance . . . . .	638,626	-	-	-	638,626
Pupil transportation . . . . .	602,643	-	-	-	602,643
Central . . . . .	7,651	-	-	10,000	17,651
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	296,960	296,960
Other non-instructional services . . . . .	292	-	-	-	292
Extracurricular activities . . . . .	227,370	-	-	86,867	314,237
Facilities acquisition and construction . . . . .	229	-	7,355,886	155,603	7,511,718
Debt service:					
Principal retirement . . . . .	19,134	312,251	-	27,008	358,393
Interest and fiscal charges . . . . .	5,336	587,314	25,605	4,408	622,663
Total expenditures . . . . .	<u>7,265,508</u>	<u>925,285</u>	<u>7,381,491</u>	<u>1,048,202</u>	<u>16,620,486</u>
Excess of revenues over (under) expenditures . . . . .	<u>833,435</u>	<u>1,350</u>	<u>(7,075,440)</u>	<u>(240,395)</u>	<u>(6,481,050)</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	22,251	-	-	22,251
Transfers (out) . . . . .	(22,251)	-	-	-	(22,251)
Lease purchase agreement . . . . .	-	-	-	131,140	131,140
Total other financing sources (uses) . . . . .	<u>(22,251)</u>	<u>22,251</u>	<u>-</u>	<u>131,140</u>	<u>131,140</u>
Net change in fund balances . . . . .	811,184	23,601	(7,075,440)	(109,255)	(6,349,910)
<b>Fund balances at beginning of year . . . . .</b>	<u>400,193</u>	<u>822,127</u>	<u>7,127,097</u>	<u>355,388</u>	<u>8,704,805</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,211,377</u>	<u>\$ 845,728</u>	<u>\$ 51,657</u>	<u>\$ 246,133</u>	<u>\$ 2,354,895</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Net change in fund balances - total governmental funds** \$ (6,349,910)

*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. This is the amount by which capital outlays exceeds depreciation expense in the current period.

Capital asset additions	\$	7,420,279	
Current year depreciation		<u>(108,840)</u>	
Total			7,311,439

Loss on disposal of capital assets does not appear in the governmental funds as capital assets are not current financial resources. However, this loss on disposal of capital assets is part of the expenses on the statement of activities. (2,007)

Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 15,415

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (7,759)

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

Taxes		(296,284)	
Intergovernmental		<u>(1,895)</u>	
Total			(298,179)

Repayment of bonds, loans, and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 358,393

Proceeds of the lease purchase agreement are recorded as revenue in funds, however, on the statement of activities they are not reported as revenue as they increase liabilities on the statement of net assets. (131,140)

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the accrued interest on bonds and additional accumulated accreted interest on the capital appreciation bonds. (81,788)

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. (14,655)

**Change in net assets of governmental activities** \$ 799,809

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 3,724,179	\$ 3,828,700	\$ 3,834,140	\$ 5,440
Tuition. . . . .	641,983	660,000	663,460	3,460
Earnings on investments. . . . .	68,089	70,000	101,032	31,032
Extracurricular. . . . .	29,181	30,000	38,344	8,344
Classroom materials and fees . . . . .	42,604	43,800	44,904	1,104
Other local revenues . . . . .	68,235	70,150	35,034	(35,116)
Intergovernmental - Intermediate. . . . .	973	1,000	5,350	4,350
Intergovernmental - State . . . . .	2,733,874	2,810,600	2,766,255	(44,345)
Total revenue . . . . .	<u>7,309,118</u>	<u>7,514,250</u>	<u>7,488,519</u>	<u>(25,731)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,626,219	3,473,914	3,531,228	(57,314)
Special. . . . .	553,724	530,467	600,017	(69,550)
Support services:				
Pupil. . . . .	369,928	354,391	330,036	24,355
Instructional staff . . . . .	232,222	222,468	217,612	4,856
Board of education . . . . .	83,849	80,327	68,291	12,036
Administration. . . . .	785,976	752,964	712,149	40,815
Fiscal . . . . .	298,607	286,065	269,318	16,747
Operations and maintenance. . . . .	723,893	693,487	657,146	36,341
Pupil transportation . . . . .	633,724	607,107	607,796	(689)
Central . . . . .	10,804	10,350	8,449	1,901
Operation of non-instructional	2,610	2,500	1,365	1,135
Extracurricular activities. . . . .	248,935	238,479	230,446	8,033
Facilities acquisition and construction. . . . .	16,264	15,581	15,810	(229)
Total expenditures . . . . .	<u>7,586,755</u>	<u>7,268,100</u>	<u>7,249,663</u>	<u>18,437</u>
Excess of revenues over (under) expenditures. . . . .	<u>(277,637)</u>	<u>246,150</u>	<u>238,856</u>	<u>(7,294)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure. . . . .	1,459	1,500	470	(1,030)
Transfers (out) . . . . .	(21,921)	(21,000)	(22,251)	(1,251)
Advances in. . . . .	20,427	21,000	20,000	(1,000)
Advances (out) . . . . .	(22,965)	(22,000)	(20,000)	2,000
Sale of capital assets. . . . .	5,885	6,050	28,938	22,888
Total other financing sources (uses) . . . . .	<u>(17,115)</u>	<u>(14,450)</u>	<u>7,157</u>	<u>21,607</u>
Net change in fund balance . . . . .	(294,752)	231,700	246,013	14,313
Fund balance at beginning of year. . . . .	719,100	719,100	719,100	-
Prior year encumbrances appropriated . . . . .	47,241	47,241	47,241	-
Fund balance at end of year . . . . .	<u>\$ 471,589</u>	<u>\$ 998,041</u>	<u>\$ 1,012,354</u>	<u>\$ 14,313</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2006

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash	
and cash equivalents . . . . .	\$ 257,471
Receivables:	
Accounts . . . . .	45
Total assets. . . . .	\$ 257,516
<b>Liabilities:</b>	
Due to students . . . . .	\$ 45,287
Retainage Payable . . . . .	212,229
Total liabilities . . . . .	\$ 257,516

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**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 489<sup>th</sup> largest by enrollment among the 615 public school districts in the state, and 4<sup>th</sup> largest in Crawford County. At June 30, 2006, the District operates 2 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 38 non-certified and 67 certified employees to provide services to 1,006 students in grades K through 12 and various community groups.

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

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". When applying GASB Statement No. 14 and GASB Statement No. 39, management has considered all potential component units.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

*JOINT VENTURE*

North Central Ohio Computer Cooperative (NCOCC)

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

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. 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 retainage related to the District's building project and for student activities.

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

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

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

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

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

**D. Basis of Accounting**

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

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

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operation, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

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

**E. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds, except agency funds. The specific timetable for fiscal year 2006 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2006.
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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

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 decreased or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2006, 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.

During fiscal year 2006, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal 2006. 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, 2006.

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 2006 amounted to \$101,032, which includes \$55,210 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2006, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

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

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

**L. Fund Balance Reserves and Designation**

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



**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

**M. Net Assets**

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

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Restricted Assets**

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

**Q. Interfund Activity**

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2006.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 42, GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

**B. Deficit Fund Balances**

Fund balances at June 30, 2006 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 8,961
Ohio Reads	597
Title VI - B	5,029
Title I	2,049

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim moneys 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.

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

Interim monies to 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;

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 4 - DEPOSITS 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 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.

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, 2006, the carrying amount of all District deposits was \$242,307. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$174,489 of the District's bank balance of \$282,250 was exposed to custodial risk as discussed below, while \$107,761 was covered by Federal Deposit Insurance Corporation.

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.

**B. Investments**

As of June 30, 2006, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	<u>\$ 2,925,229</u>	<u>\$ 2,925,229</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

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

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAA money market rating.

*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, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Star Ohio	\$ 2,925,229	100.00

**C. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 242,307
Investments	2,925,229
Total	<u>\$ 3,167,536</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 2,910,065
Agency funds	257,471
Total	<u>\$ 3,167,536</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Transfers to Debt Service Fund from:	
General Fund	\$ 22,251

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

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

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

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

- B. Interfund balances at June 30, 2006 as reported on the fund statements, consist of the following long-term loans to other funds.

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

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2006 are reported on the statement of net assets.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$1,138,746 in the general fund and \$291,047 in the debt service fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2005 was \$522,877 in the general fund and \$251,601 in the debt service fund.

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

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 95,028,310	73.22	\$ 96,145,018	79.50
Public utility personal	4,748,800	3.66	4,776,780	3.95
Tangible personal property	<u>30,003,041</u>	<u>23.12</u>	<u>20,021,474</u>	<u>16.55</u>
Total	<u>\$ 129,780,151</u>	<u>100.00</u>	<u>\$ 120,943,272</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 57.19		\$ 56.84	

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2006, consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

**Governmental Activities:**

Taxes	\$ 4,634,690
Accounts	35
Intergovernmental	<u>25,340</u>
Total	<u>\$ 4,660,065</u>

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance 06/30/05	Additions	Deductions	Balance 06/30/06
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 176,390	\$ -	\$ -	\$ 176,390
Construction in progress	<u>7,759,117</u>	<u>7,354,656</u>	<u>-</u>	<u>15,113,773</u>
Total capital assets, not being depreciated	<u>7,935,507</u>	<u>7,354,656</u>	<u>-</u>	<u>15,290,163</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	651,748	-	-	651,748
Buildings and improvements	2,646,778	-	-	2,646,778
Furniture and equipment	327,079	-	(6,176)	320,903
Vehicles	<u>792,134</u>	<u>65,623</u>	<u>(29,600)</u>	<u>828,157</u>
Total capital assets, being depreciated	<u>4,417,739</u>	<u>65,623</u>	<u>(35,776)</u>	<u>4,447,586</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(491,300)	(9,835)	-	(501,135)
Buildings and improvements	(1,782,257)	(43,304)	-	(1,825,561)
Furniture and equipment	(195,711)	(17,869)	4,169	(209,411)
Vehicles	<u>(493,547)</u>	<u>(37,832)</u>	<u>29,600</u>	<u>(501,779)</u>
Total accumulated depreciation	<u>(2,962,815)</u>	<u>(108,840)</u>	<u>33,769</u>	<u>(3,037,886)</u>
Governmental activities capital assets, net	<u>\$ 9,390,431</u>	<u>\$ 7,311,439</u>	<u>\$ (2,007)</u>	<u>\$ 16,699,863</u>



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

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

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

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 30,215
Special	2,323
Vocational	6,360
<u>Support Services:</u>	
Pupil	967
Instructional staff	1,907
Board of Education	334
Administration	642
Fiscal	335
Operations and maintenance	7,810
Pupil transportation	41,455
Extracurricular activities	13,727
Food service operations	<u>2,765</u>
Total depreciation expense	<u>\$108,840</u>

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

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

Capital assets consisting of equipment have been capitalized in the amount of \$ 30,545. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2006 totaled \$8,072 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2006:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2007	<u>\$ 5,926</u>
Total minimum lease payments	5,926
Less amount representing interest	<u>(170)</u>
Total	<u>\$ 5,756</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

- B.** In fiscal year 2006, the District entered into a lease purchase agreement for a new roof. This lease purchase agreement meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

The present value of the minimum lease payments at the time of acquisition was \$131,140. A liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2006 totaled \$27,008 paid by a nonmajor capital projects fund.

The following is a schedule of the future long-term minimum lease payments required under the lease purchase agreement and the present value of the future minimum lease payments as of June 30, 2006:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2007	\$ 15,708
2008	31,416
2009	31,416
2010	<u>31,567</u>
Total minimum lease payments	110,107
Less amount representing interest	<u>(5,975)</u>
Total	<u>\$ 104,132</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. During fiscal year 2006, the following changes occurred in governmental activities long-term obligations:

	Interest Rate	Balance Outstanding 06/30/05	Additions	Reductions	Balance Outstanding 06/30/06	Amounts Due in One Year
<b>Governmental Activities:</b>						
<u>General Obligation Bonds:</u>						
School improvements bonds	2%-5%	\$ 13,655,000	\$ -	\$ (290,000)	\$ 13,365,000	\$ 295,000
Capital appreciation bonds	12.18%	560,000	-	-	560,000	-
Accreted interest		118,845	84,762	-	203,607	-
Total general obligation bonds payable		<u>\$ 14,333,845</u>	<u>\$ 84,762</u>	<u>\$ (290,000)</u>	<u>\$ 14,128,607</u>	<u>\$ 295,000</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligation		\$ 13,828	\$ -	\$ (8,072)	\$ 5,756	\$ 5,756
Bus garage loan payable		66,204	-	(22,251)	43,953	15,148
Water line project payable		73,459	-	(11,062)	62,397	11,726
Lease purchase agreement		-	131,140	(27,008)	104,132	13,941
Compensated absences		564,966	64,755	(107,128)	522,593	52,388
Total other long-term obligations		<u>\$ 718,457</u>	<u>\$ 195,895</u>	<u>\$ (175,521)</u>	<u>\$ 738,831</u>	<u>\$ 98,959</u>
Total governmental activities		<u>\$ 15,052,302</u>	<u>\$ 280,657</u>	<u>\$ (465,521)</u>	14,867,438	<u>\$ 393,959</u>
Add: Unamortized premium on bond issue		<u>408,503</u>			<u>393,088</u>	
Total on statement of net assets		<u>\$ 15,460,805</u>			<u>\$ 15,260,526</u>	

- B. Waterline Project - The District entered into an agreement with the Crawford County Commissioners on November 19, 1996 regarding costs for a water system improvement project in Sewer District No. 2. Under this agreement, the District will pay \$159,584 over a period of fifteen years in return for exemption from tap-in charges. Interest on this obligation will be calculated at a rate indexed to the rate of interest paid by the Crawford County Commissioners on its debt arising from this project. During fiscal 2006, the District made \$11,062 in principal payments and \$4,519 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, 2006 reported in the statement of net assets is \$62,397.

- C. Bus Garage Loan - The District entered into a bus garage lease purchase agreement on September 10, 1998. Interest on this loan is a variable rate calculated at 75% of the Prime Rate in effect as of the first day of each month. During fiscal year 2006, the District made \$22,251 in principal payments and \$3,002 in interest payments on this obligation. Principal and interest payments are reported in the District's debt service fund. The remaining principal obligation at June 30, 2006 reported in the statement of net assets is \$43,953.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

- D. 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 an expenditure in the debt service fund.

This issue is comprised of both current interest bonds, par value \$13,940,000, and capital appreciation bonds, par value \$560,000. The interest rates on the current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds mature on January 15, 2015 (effective interest 4.35%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. A total of \$203,607 in accreted interest on the capital appreciation bonds has been included in the Statement of Net Assets at June 30, 2006.

Interest payments on the current interest bonds are due on January 15 and July 15 of each year. The final maturity stated in the issue is July 15, 2024.

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

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 295,000	\$ 581,514	\$ 876,514	\$ -	\$ -	\$ -
2008	340,000	575,466	915,466	-	-	-
2009	345,000	567,136	912,136	-	-	-
2010	355,000	557,649	912,649	-	-	-
2011	410,000	546,821	956,821	-	-	-
2012 - 2016	465,000	2,665,431	3,130,431	1,745,000	-	1,745,000
2017 - 2021	2,655,000	2,357,673	5,012,673	-	-	-
2022 - 2026	3,320,000	1,711,998	5,031,998	-	-	-
2027 - 2031	4,210,000	849,300	5,059,300	-	-	-
2032	970,000	46,075	1,016,075	-	-	-
Total	<u>\$ 13,365,000</u>	<u>\$ 10,459,063</u>	<u>\$ 23,824,063</u>	<u>\$ 1,745,000</u>	<u>\$ -</u>	<u>\$ 1,745,000</u>

**E. 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, 2006 are a voted debt margin of \$11,730,622 (including available funds of \$845,728) and an unvoted debt margin of \$120,943.

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  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 11 - NOTES PAYABLE**

On May 11, 2005, the District issued \$647,000 of notes, in anticipation of the issuance of bonds, for the purpose of constructing, furnishing and equipping a new elementary and middle school building for students in preschool through eighth grade, and renovating, remodeling, adding to, furnishing, equipping and otherwise improving existing District buildings and facilities and their site, to create a central campus for the District. This \$647,000 represents the remainder of the \$15,147,000 bond levy approved by the voters on May 6, 2003. The \$14,500,000 bonds were issued in November 2003. The note bore an interest rate of 4.000% and had a maturity date of May 10, 2006. On May 10, 2006 the District paid down a portion of the outstanding notes by issuing \$520,000 in bond anticipation notes maturing May 9, 2007, with an interest rate of 4.60%. The notes are backed by the full faith and credit of the District.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

The bus fleet and maintenance vehicles are also insured through Ohio School Plan and hold a \$1,000 collision deductible for buses and \$500 for other autos, a \$1,000 comprehensive deductible for buses and \$250 for other autos, and a \$3,000,000 limit 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 2005. Insurance coverage was increased subsequent to fiscal year end 2006 to reflect the fiscal year 2007 completion of a new pre-kindergarten through eighth grade building, the William and Hannah Crawford Schools.

**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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

For fiscal year 2006, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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 2006, 11.70 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2006, 2005, and 2004 were \$102,629, \$87,187, and \$83,580; 50.63 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$50,664 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 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 Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$440,091, \$443,541 and \$462,781; 83.34 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$73,335 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2006 were \$326 made by the District and \$7,454 made by the plan members.

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

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

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/ STRS. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$33,853 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254.780 million and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 2.30 percent of covered payroll, a decrease of 1.13 percent from fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$36,894 to fund health care benefits, including the surcharge.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

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 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million.

At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 58,123 participants currently receiving health care benefits.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

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

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ 246,013
Net adjustment for revenue accruals	610,424
Net adjustment for expenditure accruals	(24,713)
Net adjustment for other sources/uses	(29,408)
Adjustment for encumbrances	<u>8,868</u>
GAAP basis	<u>\$ 811,184</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2006.

**B. Litigation**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 17 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2005	\$ 241,685	\$ (6,641,433)
Current year set-aside requirement	133,487	133,487
Current year offsets	-	-
Qualifying disbursements	<u>(120,894)</u>	<u>(7,834,151)</u>
 Total	 <u>\$ 254,278</u>	 <u>\$ (14,342,097)</u>
 Cash balance carried forward to FY 2007	 <u>\$ 254,278</u>	 <u>\$ (14,342,097)</u>

A schedule of the restricted assets at June 30, 2006 follows:

Amounts restricted for textbooks	\$ <u>254,278</u>
 Total restricted assets	 \$ <u>254,278</u>

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As of June 30, 2006, the District had the following contractual commitments outstanding related to the Construction Project described in Note 10.D. A summary of the primary contractual commitments follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid Through June 30, 2006</u>	<u>Remaining Contract Amount</u>
Adena	\$ 7,030,928	\$ (6,654,804)	\$ 376,124
Custom Fabricators	324,500	(311,520)	12,980
Data Cabling Systems	130,181	(114,909)	15,272
Digital & Analog Design	42,000	(30,094)	11,906
Folding Equipment Company	78,250	(70,425)	7,825
Stanley Security Solutions	48,030	(39,613)	8,417
Tom Sexton & Associates	178,852	(177,372)	1,480
Universal Refrigeration	2,184,245	(2,175,680)	8,565
Valley Electrical Consolidated	156,611	(133,238)	23,373
Vaugh Industries	1,739,800	(1,698,299)	41,501
Vulcan Fire Protection	170,642	(161,988)	8,654
Wasserstrom Company	280,435	(267,109)	13,326
 Total	 <u>\$ 12,364,474</u>	 <u>\$ (11,835,051)</u>	 <u>\$ 529,423</u>

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COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through the Ohio Department of Education</i>						
Food Donation	N/A	10.550	\$ -	\$ 10,224	\$ -	\$ 10,224
National School Lunch Program	046516-LLP4-05/06	10.555	61,932	-	61,932	-
<b>Total U.S. Department of Agriculture</b>			<b>61,932</b>	<b>10,224</b>	<b>61,932</b>	<b>10,224</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through the Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	046516-C1S1-05/06	84.010	115,585	-	130,087	-
Special Education Grants to States	046516-6BSF-05/06	84.027	288,781	-	281,434	-
Safe and Drug-Free Schools and Communities State Grants	046516-DRS1-05/06	84.186	5,007	-	6,466	-
State Grants for Innovative Programs	046516-C2S1-05/06	84.298	811	-	4,746	-
Education Technology State Grants	046516-TJS1-05/06	84.318	2,183	-	5,417	-
Improving Teacher Quality State Grants	046516-TRS1-05/06	84.367	21,233	-	27,064	-
<b>Total U.S. Department of Education</b>			<b>433,600</b>	<b>-</b>	<b>455,214</b>	<b>-</b>
<b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>			<b>\$ 495,532</b>	<b>\$ 10,224</b>	<b>\$ 517,146</b>	<b>\$ 10,224</b>

The accompanying notes to this schedule are an integral part of this schedule.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – FOOD DONATION AND NATIONAL SCHOOL LUNCH PROGRAMS**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**Compliance and Other Matters**

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

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

We intend this report solely for the information and use of the finance committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

November 13, 2006





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

#### Compliance

We have audited the compliance of Colonel Crawford Local School District, Crawford County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Colonel Crawford Local School District, Crawford County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the finance committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

November 13, 2006

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.027 - Special Education Grants to States
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





**Auditor of State  
Betty Montgomery**

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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  
DECEMBER 12, 2006**