

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2013



Dave Yost • Auditor of State

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

February 4, 2014

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities decreased \$487,431 which represents a 9.56% decrease from 2012's restated net position.
- General revenues accounted for \$8,179,016 in revenue or 77.46% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,380,581 or 22.54% of total revenues of \$10,559,597.
- The District had \$11,047,028 in expenses related to governmental activities; \$2,380,581 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,179,016 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, the debt service fund and the permanent improvement fund. The general fund had \$8,992,486 in revenues and other financing sources and \$9,406,917 in expenditures. During fiscal year 2013, the general fund's fund balance decreased \$414,431 from \$2,056,062 to \$1,641,631.
- The debt service fund had \$907,616 in revenues and \$957,155 in expenditures. During fiscal year 2013, the debt service fund's fund balance decreased \$49,539 from \$911,219 to \$861,680.
- The permanent improvement fund had \$1,235 in revenues and \$272 in expenditures. During fiscal year 2013, the permanent improvement fund balance increased \$963 from \$647,646 to \$648,609.

Using these Basic Financial Statements

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 22 and 23. 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 25-56 of this report.

The District as a Whole

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

The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

	Net Position	
	Governmental Activities 2013	Restated Governmental Activities 2012
<u>Assets</u>		
Current and other assets	\$ 6,495,520	\$ 6,984,918
Capital assets, net	14,896,578	15,260,694
Total assets	21,392,098	22,245,612
<u>Deferred outflows of resources</u>		
Deferred outflows of resources	314,522	331,955
<u>Liabilities</u>		
Current liabilities	1,443,023	1,503,658
Long-term liabilities	13,862,073	14,218,483
Total liabilities	15,305,096	15,722,141
<u>Deferred inflows of resources</u>		
Deferred inflows of resources	1,790,669	1,757,140
<u>Net Position</u>		
Net investment in capital assets	2,545,487	2,767,190
Restricted	93,396	818,034
Unrestricted	1,971,972	1,513,062
Total net position	\$ 4,610,855	\$ 5,098,286

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

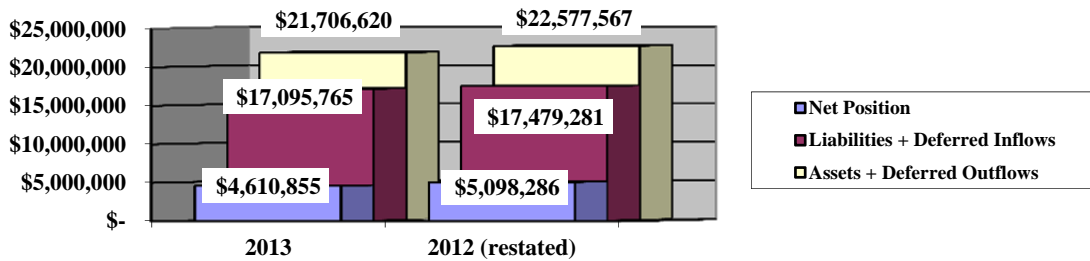
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$4,610,855. Of this total, \$93,396 is restricted in use.

At year-end, capital assets represented 69.64% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Net investment in capital assets at June 30, 2013, was \$2,545,487. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$93,396, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$1,971,972 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2013 and June 30, 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

Governmental Activities



The table below shows the change in net position for fiscal year 2013 and 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

	Change in Net Position	
	Governmental Activities 2013	Restated Governmental Activities 2012
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,671,584	\$ 1,473,661
Operating grants and contributions	708,997	741,408
General revenues:		
Property taxes	2,919,980	3,096,629
Income taxes	1,610,173	1,594,402
Grants and entitlements	3,621,037	3,793,457
Investment earnings	7,557	8,849
Other	20,269	20,579
Total revenues	10,559,597	10,728,985

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

	Change in Net Position	
	Governmental Activities <u>2013</u>	Restated Governmental Activities <u>2012</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,489,193	\$ 4,343,950
Special	1,298,043	1,235,562
Vocational	32,501	25,013
Other	1,105	1,175
Support services:		
Pupil	708,192	698,794
Instructional staff	245,271	254,627
Board of education	24,868	23,267
Administration	736,193	628,353
Fiscal	340,466	340,525
Business	1,511	2,461
Operations and maintenance	1,035,875	960,884
Pupil transportation	703,511	665,812
Central	54,079	53,545
Operations of non-instructional services:		
Other non-instructional services	52,781	50,888
Food service operations	321,197	351,737
Extracurricular activities	382,055	401,431
Interest and fiscal charges	<u>620,187</u>	<u>791,011</u>
Total expenses	<u>11,047,028</u>	<u>10,829,035</u>
Change in net position	(487,431)	(100,050)
Net position at beginning of year (restated)	<u>5,098,286</u>	<u>5,198,336</u>
Net position at end of year	<u>\$ 4,610,855</u>	<u>\$ 5,098,286</u>

Governmental Activities

Net position of the District's governmental activities decreased \$487,431. Total governmental expenses of \$11,047,028 were offset by program revenues of \$2,380,581 and general revenues of \$8,179,016. Program revenues supported 21.55% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These revenue sources represent 77.19% of total governmental revenue.

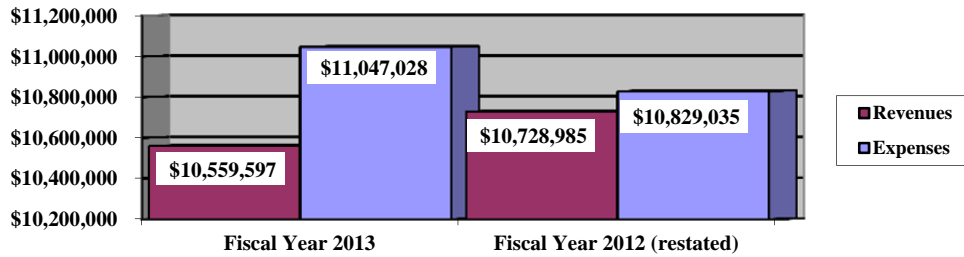
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,820,842 or 52.69% of total governmental expenses for fiscal year 2013.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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(Continued)**

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2013 and 2012.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. The total cost of services represents the total cost the District incurred to provide the service and the net cost of services represents the cost of the service after applying specific program revenues attributable to that service.

	Governmental Activities			
	Total Cost of Services 2013	Net Cost of Services 2013	Restated Total Cost of Services 2012	Restated Net Cost of Services 2012
Program expenses				
Instruction:				
Regular	\$ 4,489,193	\$ 3,418,575	\$ 4,343,950	\$ 3,404,523
Special	1,298,043	474,531	1,235,562	489,882
Vocational	32,501	30,294	25,013	22,806
Other	1,105	1,105	1,175	1,175
Support services:				
Pupil	708,192	689,995	698,794	672,924
Instructional staff	245,271	238,071	254,627	246,079
Board of education	24,868	24,868	23,267	23,267
Administration	736,193	734,372	628,353	620,817
Fiscal	340,466	336,070	340,525	340,525
Business	1,511	1,511	2,461	2,461
Operations and maintenance	1,035,875	1,034,640	960,884	956,609
Pupil transportation	703,511	686,145	665,812	655,161
Central	54,079	54,079	53,545	53,545
Operations of non-instructional services:				
Other non-instructional services	52,781	19,286	50,888	19,504
Food service operations	321,197	41,006	351,737	31,936
Extracurricular activities	382,055	261,712	401,431	281,741
Interest and fiscal charges	<u>620,187</u>	<u>620,187</u>	<u>791,011</u>	<u>791,011</u>
Total expenses	\$ 11,047,028	\$ 8,666,447	\$ 10,829,035	\$ 8,613,966

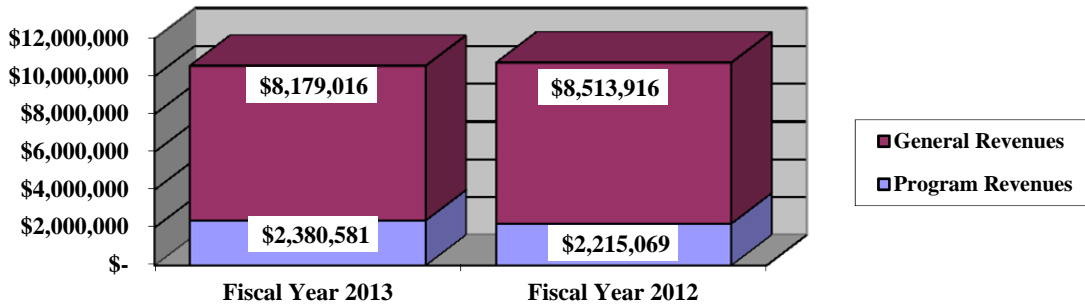
**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The dependence upon tax and other general revenues for governmental activities is apparent, 67.42% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.45%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students.

The graph below presents the District's governmental activities revenues for fiscal year 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$3,190,830, which is less than last year's total of \$3,659,038. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and June 30, 2012.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 1,641,631	\$ 2,056,062	\$ (414,431)	(20.16) %
Debt Service	861,680	911,219	(49,539)	(5.44) %
Permanent Improvement	648,609	647,646	963	0.15 %
Other Governmental	<u>38,910</u>	<u>44,111</u>	<u>(5,201)</u>	(11.79) %
Total	<u>\$ 3,190,830</u>	<u>\$ 3,659,038</u>	<u>\$ (468,208)</u>	(12.80) %

General Fund

The District's general fund balance decreased \$414,431.

Revenues of the general fund increased \$60,947 or 0.69%. The most significant increase was in the area of tuition which increased \$229,129 or 20.50%. The increase in tuition was the result of an increase in open enrollment students. Intergovernmental revenues decreased \$163,971 due to a decrease in tangible personal property tax reimbursements from the State.

Expenditures of the general fund increased \$740,906 or 8.55%. The most significant increases were in the area of instruction and support services which increased \$269,492 and \$376,634, respectively. These increases were primarily the result of wage increases for employees.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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The table that follows assists in illustrating the financial activities of the general fund.

	2013 <u>Amount</u>	2012 <u>Amount</u>	Increase/ (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 3,911,086	\$ 3,905,515	\$ 5,571	0.14 %
Earnings on investments	7,555	8,848	(1,293)	(14.61) %
Intergovernmental	3,528,747	3,692,718	(163,971)	(4.44) %
Tuition	1,346,866	1,117,737	229,129	20.50 %
Other revenues	<u>122,566</u>	<u>131,055</u>	<u>(8,489)</u>	(6.48) %
 Total	 <u>\$ 8,916,820</u>	 <u>\$ 8,855,873</u>	 <u>\$ 60,947</u>	 0.69 %
<u>Expenditures</u>				
Instruction	\$ 5,229,268	\$ 4,959,776	\$ 269,492	5.43 %
Support services	3,670,290	3,293,656	376,634	11.44 %
Non-instructional services	52,781	50,888	1,893	3.72 %
Extracurricular activities	310,695	300,836	9,859	3.28 %
Facilities acquisition and construction	34,696	44,086	(9,390)	(21.30) %
Capital outlay	75,666	-	75,666	100.00 %
Debt service	<u>33,521</u>	<u>16,769</u>	<u>16,752</u>	99.90 %
 Total	 <u>\$ 9,406,917</u>	 <u>\$ 8,666,011</u>	 <u>\$ 740,906</u>	 8.55 %

Debt Service Fund

The debt service fund had \$907,616 in revenues and \$957,155 in expenditures. During fiscal year 2013, the debt service fund's fund balance decreased \$49,539 from \$911,219 to \$861,680. This decrease was primarily due to scheduled principal and interest payments that exceeded property tax revenues.

Permanent Improvement Fund

The permanent improvement fund had \$1,235 in revenues and \$272 in expenditures. During fiscal year 2013, the permanent improvement fund balance increased \$963 from \$647,646 to \$648,609.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,609,450 and final budgeted revenues and other financing sources were \$8,905,625. Actual revenues and other financing sources for fiscal year 2013 was \$9,513,783. This represents a \$608,158 increase from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$9,378,330, which were increased to \$9,541,056 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$10,043,845, which was \$502,789 more than the final budget appropriations.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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(Continued)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$14,896,578 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2013 balances compared to June 30, 2012:

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

	Governmental Activities	
	2013	2012
Land	\$ 195,904	\$ 195,904
Land improvements	160,791	135,424
Building and improvements	13,868,171	14,196,844
Furniture and equipment	372,850	368,599
Vehicles	298,862	363,923
Total	<u>\$ 14,896,578</u>	<u>\$ 15,260,694</u>

The overall decrease in capital assets of \$364,116 is due to depreciation expense of \$482,572 and disposals (net of depreciation) of \$16,315 exceeding capital outlay of \$134,771 in the fiscal year.

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

Debt Administration

At June 30, 2013, the District had \$12,948,512 in general obligation bonds, capital lease obligations and water line project payable. Of this total, \$492,475 is due within one year and \$12,456,037 is due within greater than one year.

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

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2013	2012
General obligation bonds	\$ 12,804,154	\$ 13,099,534
Capital lease obligations	59,240	-
Water line project payable	85,118	97,035
Total	<u>\$ 12,948,512</u>	<u>\$ 13,196,569</u>

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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(Continued)**

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. Test scores continue to improve, and the District as a whole was recognized in 2007-2008 and 2008-2009 'an excellent district'. As a small district we are able to provide academic and extracurricular opportunities to our students on an individualized basis, and it is our absolute priority to see each child fulfill his or her potential.

The voters responded to the need for new facilities in fiscal year 2003, by approving the necessary millage to complete a new pre-kindergarten through eighth grade building to replace several school buildings that had been in use for more than eighty years. The new facility was completed entirely with local funds and opened in September 2006. Notes and bonds for the new building were issued during fiscal year 2004 and refunded in fiscal year 2008, which account for most of the outstanding debt referred to in this report. The District participates in the Ohio School Facilities Commission (OSFC) program and looks forward to the day when State matching funds will be available to add new high school facilities to the pre-kindergarten through eighth grade building.

Like most other Ohio school districts, and as mentioned on page 9 of this discussion, the District has suffered as a result of reductions in State funding. In addition, the District is heavily dependent on business and inventory taxes, a revenue stream that will be phased out with current state budget. Our Tangible Personal Property (TPP) fixed rate payments have been extended to fiscal year 2018 with each year being reduced by \$151,216 and payment in fiscal year 2018 being \$66,561. More than ten teaching positions and three administrative positions were eliminated at the end of fiscal year 2003 and other expenses were reduced as far as possible to allow the District to operate 'in the black' for the fiscal year 2006 and 2007. In 2009, the State funding formula was modified to an Evidence-Base Model approach. Due to financial restraints, this model will not be fully funded. It will be phased-in over a period of time. School districts have been guaranteed 99% of 2009 receipts for the 2010 school year and 98% of 2009 receipts for 2011 school year. Included in those guaranteed amounts is about 7.9 percent in Federal Stimulus Funds. Those funds will terminate after fiscal year 2011. Forecasted amounts are based upon the latest information from ODE's "bridge" formula fiscal year 2012 & fiscal year 2013. The final foundation dollars are subject to many factors all of which are open to deliberations and approval of the Ohio General Assembly. Due to economic conditions within the State, the level at which the State will fund schools is uncertain. State Foundation revenues for fiscal year 2014 to 2016 are presented with no increase in revenue.

A 1.25% tax on all income passed on the February 2007 ballot to generate the needed operating funds. These funds did not begin collections until 2008 leaving the District to operate "in the red" in fiscal year 2008. Full collections are being realized in 2009 and the District was able to once again operate "in the black" for fiscal year 2009 and 2010. The Board of Education and administration are committed to continue to do everything possible to provide quality education to the children of the District while working with the community and the legislature to seek a long-term solution to the need for operating funds.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Contacting the District's Financial Management

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

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 2,475,785
Receivables:	
Property taxes	3,142,856
Income taxes.	736,941
Accounts.	8,899
Accrued interest	470
Intergovernmental	106,096
Materials and supplies inventory.	24,473
Capital assets:	
Nondepreciable capital assets	195,904
Depreciable capital assets, net.	14,700,674
Capital assets, net	14,896,578
Total assets.	21,392,098
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	314,522
Total deferred outflows of resources	314,522
 Liabilities:	
Accounts payable.	9,300
Accrued wages and benefits payable	945,257
Compensated absences payable	50,342
Pension obligation payable.	167,375
Intergovernmental payable	41,292
Unearned revenue	50
Accrued interest payable	229,407
Long-term liabilities:	
Due within one year.	535,820
Due in more than one year.	13,326,253
Total liabilities	15,305,096
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	1,790,669
Total deferred inflows of resources	1,790,669
 Net position:	
Net investment in capital assets	2,545,487
Restricted for:	
Capital projects	2,064
Locally funded programs	10,091
State funded programs.	2,318
Federally funded programs	28,172
Student activities	50,751
Unrestricted	1,971,972
Total net position.	\$ 4,610,855

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 4,489,193	\$ 1,049,179	\$ 21,439	\$ (3,418,575)
Special	1,298,043	332,519	490,993	(474,531)
Vocational	32,501	-	2,207	(30,294)
Other	1,105	-	-	(1,105)
Support services:				
Pupil	708,192	-	18,197	(689,995)
Instructional staff	245,271	-	7,200	(238,071)
Board of education	24,868	-	-	(24,868)
Administration	736,193	-	1,821	(734,372)
Fiscal	340,466	-	4,396	(336,070)
Business	1,511	-	-	(1,511)
Operations and maintenance	1,035,875	1,235	-	(1,034,640)
Pupil transportation	703,511	3,857	13,509	(686,145)
Central	54,079	-	-	(54,079)
Operation of non-instructional services:				
Other non-instructional services	52,781	33,495	-	(19,286)
Food service operations	321,197	147,579	132,612	(41,006)
Extracurricular activities	382,055	103,720	16,623	(261,712)
Interest and fiscal charges	620,187	-	-	(620,187)
Total governmental activities	\$ 11,047,028	\$ 1,671,584	\$ 708,997	(8,666,447)
 General revenues:				
Property taxes levied for:				
General purposes				2,294,222
Debt service				625,758
Income taxes levied for:				
General purposes				1,610,173
Grants and entitlements not restricted to specific programs				3,621,037
Investment earnings				7,557
Miscellaneous				20,269
Total general revenues				8,179,016
Change in net position				(487,431)
Net position at beginning of year (restated)				5,098,286
Net position at end of year				\$ 4,610,855

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General	Debt Service	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 1,133,045	\$ 602,990	\$ 648,609	\$ 91,141	\$ 2,475,785
Receivables:					
Property taxes	2,461,308	681,548	-	-	3,142,856
Income taxes	736,941	-	-	-	736,941
Accounts	8,899	-	-	-	8,899
Accrued interest	470	-	-	-	470
Interfund loans	35,362	-	-	-	35,362
Intergovernmental	84,980	-	-	21,116	106,096
Materials and supplies inventory	21,531	-	-	2,942	24,473
Total assets	\$ 4,482,536	\$ 1,284,538	\$ 648,609	\$ 115,199	\$ 6,530,882
Liabilities:					
Accounts payable	\$ 1,397	\$ -	\$ -	\$ 7,903	\$ 9,300
Accrued wages and benefits payable	924,302	-	-	20,955	945,257
Compensated absences payable	50,342	-	-	-	50,342
Interfund loans payable	-	-	-	35,362	35,362
Intergovernmental payable	40,553	-	-	739	41,292
Unearned revenue	50	-	-	-	50
Pension obligation payable	156,045	-	-	11,330	167,375
Total liabilities	1,172,689	-	-	76,289	1,248,978
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	1,398,066	392,603	-	-	1,790,669
Delinquent property tax revenue not available	102,809	30,255	-	-	133,064
Miscellaneous revenue not available	3,394	-	-	-	3,394
Income tax revenue not available	109,948	-	-	-	109,948
Intergovernmental revenues not available	53,999	-	-	-	53,999
Total deferred inflows of resources	1,668,216	422,858	-	-	2,091,074
Fund balances:					
Nonspendable:					
Materials and supplies inventory	21,531	-	-	2,942	24,473
Restricted:					
Debt service	-	861,680	-	-	861,680
Capital improvements	-	-	-	2,064	2,064
Special education	-	-	-	3,940	3,940
Targeted academic assistance	-	-	-	6,754	6,754
Other purposes	-	-	-	37,358	37,358
Extracurricular activities	-	-	-	50,751	50,751
Committed:					
Capital improvements	-	-	648,609	-	648,609
Termination benefits	26,464	-	-	-	26,464
Assigned:					
Student instruction	4,014	-	-	-	4,014
Student and staff support	44,768	-	-	-	44,768
Subsequent year's appropriations	531,786	-	-	-	531,786
Other purposes	2,904	-	-	-	2,904
Unassigned (deficit)	1,010,164	-	-	(64,899)	945,265
Total fund balances	1,641,631	861,680	648,609	38,910	3,190,830
Total liabilities, deferred inflows and fund balances	\$ 4,482,536	\$ 1,284,538	\$ 648,609	\$ 115,199	\$ 6,530,882

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total governmental fund balances		\$	3,190,830
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			14,896,578
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	133,064		
Income taxes receivable	109,948		
Intergovernmental receivable	57,393		
Total	300,405		300,405
Unamortized premiums on bonds issued are not recognized in the funds.			(521,373)
Unamortized amounts on refundings are not recognized in the funds.			314,522
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(229,407)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds	(12,804,154)		
Capital lease obligations	(59,240)		
Compensated absences	(392,188)		
Waterline project	(85,118)		
Total	(13,340,700)		(13,340,700)
Net position of governmental activities		\$	<u>4,610,855</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General	Debt Service	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Property taxes	\$ 2,308,106	\$ 630,047	\$ -	\$ -	\$ 2,938,153
Income taxes	1,602,980	-	-	-	1,602,980
Tuition	1,346,866	-	-	-	1,346,866
Transportation fees	3,857	-	-	-	3,857
Earnings on investments	7,555	-	-	2	7,557
Charges for services	-	-	-	147,579	147,579
Extracurricular	22,370	-	-	83,940	106,310
Classroom materials and fees	64,039	-	1,235	-	65,274
Contributions and donations	14,681	-	-	15,390	30,071
Contract services	1,698	-	-	-	1,698
Other local revenues	15,921	-	-	12,339	28,260
Intergovernmental - intermediate	12,704	-	-	-	12,704
Intergovernmental - state	3,490,173	277,569	-	10,241	3,777,983
Intergovernmental - federal	25,870	-	-	454,341	480,211
Total revenues	<u>8,916,820</u>	<u>907,616</u>	<u>1,235</u>	<u>723,832</u>	<u>10,549,503</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,190,694	-	-	20,358	4,211,052
Special	1,010,190	-	-	294,307	1,304,497
Vocational	27,279	-	-	-	27,279
Other	1,105	-	-	-	1,105
Support services:					
Pupil	686,840	-	272	15,890	703,002
Instructional staff	253,132	-	-	6,501	259,633
Board of education	24,593	-	-	-	24,593
Administration	713,896	-	-	1,243	715,139
Fiscal	311,256	22,266	-	3,000	336,522
Business	1,511	-	-	-	1,511
Operations and maintenance	986,056	-	-	-	986,056
Pupil transportation	638,927	-	-	-	638,927
Central	54,079	-	-	-	54,079
Operation of non-instructional services:					
Other non-instructional services	52,781	-	-	-	52,781
Food service operations	-	-	-	286,602	286,602
Extracurricular activities	310,695	-	-	101,222	411,917
Facilities acquisition and construction	34,696	-	-	-	34,696
Capital outlay	75,666	-	-	-	75,666
Debt service:					
Principal retirement	28,343	445,000	-	-	473,343
Interest and fiscal charges	5,178	489,889	-	-	495,067
Total expenditures	<u>9,406,917</u>	<u>957,155</u>	<u>272</u>	<u>729,123</u>	<u>11,093,467</u>
Excess (deficiency) of revenues over (under) expenditures	(490,097)	(49,539)	963	(5,291)	(543,964)
Other financing sources:					
Sale of assets	-	-	-	90	90
Capital lease transaction	75,666	-	-	-	75,666
Total other financing sources	<u>75,666</u>	<u>-</u>	<u>-</u>	<u>90</u>	<u>75,756</u>
Net change in fund balances	(414,431)	(49,539)	963	(5,201)	(468,208)
Fund balances at beginning of year	<u>2,056,062</u>	<u>911,219</u>	<u>647,646</u>	<u>44,111</u>	<u>3,659,038</u>
Fund balances at end of year	<u>\$ 1,641,631</u>	<u>\$ 861,680</u>	<u>\$ 648,609</u>	<u>\$ 38,910</u>	<u>\$ 3,190,830</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds		\$	(468,208)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.			
Capital asset additions	134,771		
Current year depreciation	<u>(482,572)</u>		
Total			(347,801)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.			
			(16,315)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	(18,173)		
Income taxes	7,193		
Intergovernmental	<u>19,049</u>		
Total			8,069
Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:			
Bonds	445,000		
Loans payable	11,917		
Capital leases	<u>16,426</u>		
Total			473,343
Issuances of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.			
			(75,666)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:			
Increase in accrued interest payable	(2,153)		
Accreted interest on capital appreciation bonds	(149,620)		
Amortization of bond premiums	44,086		
Amortization of deferred charges	<u>(17,433)</u>		
Total			(125,120)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
			<u>64,267</u>
Change in net position of governmental activities		\$	<u>(487,431)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 2,313,357	\$ 2,365,721	\$ 2,365,721	\$ -
Income taxes	1,522,411	1,532,751	1,532,751	-
Tuition	1,141,354	1,356,811	1,346,866	(9,945)
Transportation fees	8,082	8,072	6,709	(1,363)
Earnings on investments	8,891	7,867	7,407	(460)
Classroom materials and fees	34,577	34,259	33,134	(1,125)
Contributions and donations	4,782	7,839	7,839	-
Contract services	15,019	15,000	10,335	(4,665)
Other local revenues	11,637	12,496	12,432	(64)
Intergovernmental - intermediate	12,356	12,901	12,704	(197)
Intergovernmental - state	3,501,654	3,490,565	3,490,173	(392)
Intergovernmental - federal	-	25,870	25,870	-
Total revenues	<u>8,574,120</u>	<u>8,870,152</u>	<u>8,851,941</u>	<u>(18,211)</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,203,753	4,194,098	4,151,479	42,619
Special	1,013,770	1,041,776	1,033,290	8,486
Vocational	21,205	23,992	27,270	(3,278)
Other	1,219	1,640	1,445	195
Support services:				
Pupil	660,972	670,847	663,108	7,739
Instructional staff	233,306	261,125	259,925	1,200
Board of education	45,372	36,078	24,524	11,554
Administration	729,140	728,669	733,182	(4,513)
Fiscal	336,801	325,424	321,011	4,413
Business	1,713	1,511	1,511	-
Operations and maintenance	1,017,698	1,036,856	1,017,374	19,482
Pupil transportation	674,723	681,226	661,357	19,869
Central	63,549	61,335	54,135	7,200
Other operation of non-instructional services	1,244	1,200	1,200	-
Extracurricular activities	306,012	301,752	289,269	12,483
Facilities acquisition and construction	47,794	51,465	51,465	-
Total expenditures	<u>9,358,271</u>	<u>9,418,994</u>	<u>9,291,545</u>	<u>127,449</u>
Excess of expenditures over revenues	<u>(784,151)</u>	<u>(548,842)</u>	<u>(439,604)</u>	<u>109,238</u>
Other financing sources (uses):				
Refund of prior year's expenditures	6,328	6,328	6,166	(162)
Transfers in	-	143	1,959	1,816
Transfers (out)	(20,059)	(93,059)	(92,223)	836
Advances in	29,002	29,002	653,717	624,715
Advances (out)	-	(29,003)	(660,077)	(631,074)
Total other financing sources (uses)	<u>15,271</u>	<u>(86,589)</u>	<u>(90,458)</u>	<u>(3,869)</u>
Net change in fund balance	(768,880)	(635,431)	(530,062)	105,369
Fund balance at beginning of year	1,420,452	1,420,452	1,420,452	-
Prior year encumbrances appropriated	112,557	112,557	112,557	-
Fund balance at end of year	<u>\$ 764,129</u>	<u>\$ 897,578</u>	<u>\$ 1,002,947</u>	<u>\$ 105,369</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 3,996	\$ 91,157
Total assets.	3,996	\$ 91,157
Liabilities:		
Retainage payable		\$ 49,933
Due to students.	-	41,224
Total liabilities	-	\$ 91,157
Net position:		
Held in trust for scholarships	3,996	
Total net position.	\$ 3,996	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 2,505
Total additions.	2,505
Deductions:	
Scholarships awarded	3,500
Change in net position	(995)
Net position at beginning of year.	4,991
Net position at end of year	\$ 3,996

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Colonel Crawford Local School District (the "District") is located in Crawford County and encompasses all or parts of five towns and villages. The District serves an area of approximately 120 square miles.

The District was established in 1961 through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Articles VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 498th largest by enrollment among the 918 public and community school districts in the State, and the 4th largest in Crawford County. It currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District employs 66 non-certified and 85 certified employees to provide services to 923 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

JOINT VENTURE WITHOUT EQUITY INTEREST

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

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2013, the District paid \$59,198 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

JOINTLY GOVERNED ORGANIZATION

Metropolitan Educational Council

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

The following are the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus (Continued)

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

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

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

D. Basis of Accounting

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

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Income taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2013 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The District was granted a waiver by the County budget commission in 2002 which waived the requirement to public hearings. Instead, the District completes an alternative tax budget in August or September. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2013.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2013; 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

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

The District has invested funds in the State Treasury Asset Reserve of Ohio ("STAR Ohio") during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2013.

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 2013 amounted to \$7,555, which includes \$4,143 assigned from other funds.

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

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

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On the fund financial statements, materials and supplies is equally offset by a nonspendable fund balance in governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

H. Capital Assets

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balance (Continued)

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

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

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

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

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

O. Estimates

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

P. Interfund Activity

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

A. Change in Accounting Principles (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 had the following effect on the financial statements of the District:

	Governmental Activities
Net assets as previously reported	\$ 5,231,376
Removal of unamortized bond issuance costs	(133,090)
Net position at July 1, 2012	<u>\$ 5,098,286</u>

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Food service	\$ 61,957

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

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

A. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$272,473. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$117,015 of the District's bank balance of \$367,015 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

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

B. Investments

As of June 30, 2013, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
STAR Ohio	\$ 2,298,465	\$ 2,298,465

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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 2,298,465	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 272,473
Investments	<u>2,298,465</u>
Total	<u>\$ 2,570,938</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,475,785
Private-purpose trust funds	3,996
Agency funds	<u>91,157</u>
Total	<u>\$ 2,570,938</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable consisted of the following at June 30, 2013, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ <u>35,362</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

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

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

NOTE 6 - TAXES

A. Property Taxes

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$960,433 in the general fund and \$258,690 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$1,018,048 in the general fund and \$279,936 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 113,025,430	96.32	\$ 110,967,890	96.05
Public utility personal	<u>4,319,850</u>	<u>3.68</u>	<u>4,567,670</u>	<u>3.95</u>
Total	<u>\$ 117,345,280</u>	<u>100.00</u>	<u>\$ 115,535,560</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$46.00		\$46.00	
Debt service	6.50		6.50	

B. School District Income Taxes

In February 2007, the District passed a 1.25% continuing earned income only tax for general operations of the District. Employers and residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax collection began in January 2008. Income tax is credited to the general fund. During fiscal year 2013, the District received \$1,602,980 in income tax revenue.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 7 – RECEIVABLES (Continued)

Governmental activities:

Property taxes	\$ 3,142,856
Income taxes	736,941
Accounts	8,899
Accrued interest	470
Intergovernmental	<u>106,096</u>
Total	<u>\$ 3,995,262</u>

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	<u>06/30/12</u>			<u>06/30/13</u>
<i>Governmental activities:</i>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 195,904	\$ -	\$ -	\$ 195,904
Total capital assets, not being depreciated	<u>195,904</u>	<u>-</u>	<u>-</u>	<u>195,904</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	651,541	43,957	-	695,498
Buildings and improvements	17,828,946	-	-	17,828,946
Furniture and equipment	794,521	90,814	(31,462)	853,873
Vehicles	<u>987,389</u>	<u>-</u>	<u>-</u>	<u>987,389</u>
Total capital assets, being depreciated	<u>20,262,397</u>	<u>134,771</u>	<u>(31,462)</u>	<u>20,365,706</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(516,117)	(18,590)	-	(534,707)
Buildings and improvements	(3,632,102)	(328,673)	-	(3,960,775)
Furniture and equipment	(425,922)	(70,248)	15,147	(481,023)
Vehicles	<u>(623,466)</u>	<u>(65,061)</u>	<u>-</u>	<u>(688,527)</u>
Total accumulated depreciation	<u>(5,197,607)</u>	<u>(482,572)</u>	<u>15,147</u>	<u>(5,665,032)</u>
Governmental activities capital assets, net	<u>\$ 15,260,694</u>	<u>\$ (347,801)</u>	<u>\$ (16,315)</u>	<u>\$ 14,896,578</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 8 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 300,541
Special	18,467
Vocational	5,222
<u>Support services:</u>	
Pupil	4,296
Instructional staff	11,829
Board of education	275
Administration	8,260
Fiscal	275
Operations and maintenance	16,530
Pupil transportation	70,193
Extracurricular activities	14,095
Food service operations	<u>32,589</u>
Total depreciation expense	<u>\$ 482,572</u>

NOTE 9 - CAPITALIZED LEASE

During the current fiscal year, the District entered into capitalized leases for copiers. All leases meet the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been originally capitalized in the amount of \$75,666, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2013 was \$11,350, leaving a current book value of \$64,316.

Principal and interest payments in the 2013 fiscal year totaled \$16,426 and \$326, respectively. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 16,752
2015	16,752
2016	16,751
2017	<u>16,752</u>
Total minimum lease payments	67,007
Less: amount representing interest	<u>(7,767)</u>
Total	<u>\$ 59,240</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2013, the following changes occurred in governmental activities long-term obligations. The beginning balance of the long-term obligations has been restated due to the implementation of GASB Statement No. 63 and 65 which requires unamortized deferred charges related to advanced refundings to be reported as deferred outflows of resources rather than a component of long-term obligations.

	Interest Rate	Restated Balance Outstanding 06/30/12	Additions	Reductions	Balance Outstanding 06/30/13	Amounts Due in One Year
Governmental activities:						
<u>General obligation bonds:</u>						
Series 2004 Issue:						
Current interest bonds	2%-5%	\$ 2,540,000	\$ -	\$ -	\$ 2,540,000	\$ -
Capital appreciation bonds	12.18%	405,000	-	(140,000)	265,000	140,000
Accreted interest		704,842	115,250	(270,000)	550,092	291,241
Series 2007 Issue:						
School improvements bonds	4%-5%	9,105,000	-	(35,000)	9,070,000	35,000
Capital appreciation bonds	9.742%	210,000	-	-	210,000	-
Accreted interest		134,692	34,370	-	169,062	-
Total general obligation bonds payable		<u>\$ 13,099,534</u>	<u>\$ 149,620</u>	<u>\$ (445,000)</u>	<u>\$ 12,804,154</u>	<u>\$ 466,241</u>
<u>Other long-term obligations:</u>						
Water line project payable		\$ 97,035	\$ -	\$ (11,917)	\$ 85,118	\$ 12,513
Capital leases		-	75,666	(16,426)	59,240	13,721
Compensated absences		456,455	51,981	(116,248)	392,188	43,345
Total other long-term obligations		<u>\$ 553,490</u>	<u>\$ 127,647</u>	<u>\$ (144,591)</u>	<u>\$ 536,546</u>	<u>\$ 69,579</u>
Total governmental activities		<u>13,653,024</u>	<u>\$ 277,267</u>	<u>\$ (589,591)</u>	<u>13,340,700</u>	<u>\$ 535,820</u>
Add: Unamortized premium on bond issue		565,459			521,373	
Total on statement of net position		<u>\$ 14,218,483</u>			<u>\$ 13,862,073</u>	

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

- D. *Waterline Project* - The District entered into an agreement with the Crawford County Commissioners on November 19, 1996 regarding costs for a water system improvement project in Sewer District No. 2. Under this agreement, the District will pay \$159,584 over a period of fifteen years in return for exemption from tap-in charges. Interest on this obligation will be calculated at a rate indexed to the rate of interest paid by the Crawford County Commissioners on its debt arising from this project. During fiscal year 2009, the District agreed to pay an additional \$100,327 until fiscal year 2019. During fiscal year 2013, the District made \$11,917 in principal payments and \$4,852 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, 2013 reported on the statement of net position is \$85,118. This amount is not included in the calculation for "net investment in capital assets" because the capital assets associated with this project belonging to the County are not included in the District's capital assets.
- E. During fiscal year 2004, the District issued \$14,500,000 in general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund.

The original issue was comprised of both current interest bonds, par value \$13,940,000, and capital appreciation bonds, par value \$560,000. On November 1, 2007, the District refunded \$9,080,000 of the current interest bonds (See Note 10.F for detail). The interest rates on the remaining current interest bonds range from 2.00% to 5.00%. The remaining capital appreciation bonds mature on January 15, 2014 (stated interest rate 12.40%) and January 15, 2015 (stated interest rate 12.36%), at redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the remaining capital appreciation bonds is \$920,000. A total of \$550,092 in accreted interest on the capital appreciation bonds has been included in the statement of net position at June 30, 2013.

Interest payments on the current interest bonds are due on January 15 and July 15 of each year. The final maturity stated in the issue is January 15, 2020.

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

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ -	\$ 107,261	\$ 107,261	\$ 140,000	\$ 320,000	\$ 460,000
2015	-	107,261	107,261	125,000	335,000	460,000
2016	465,000	107,261	572,261	-	-	-
2017	485,000	88,662	573,662	-	-	-
2018	505,000	68,534	573,534	-	-	-
2019 - 2020	1,085,000	71,354	1,156,354	-	-	-
Total	<u>\$ 2,540,000</u>	<u>\$ 550,333</u>	<u>\$ 3,090,333</u>	<u>\$ 265,000</u>	<u>\$ 655,000</u>	<u>\$ 920,000</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

F. On November 1, 2007, the District issued general obligation bonds (Series 2007 General Obligation School Improvement and Refunding Bonds) to advance refund \$9,080,000 of the Series 2004 current interest general obligation bonds (See Note 10.E. for detail) and to current refund \$480,000 bond anticipation notes that matured on January 15, 2008. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded current interest bonds at June 30, 2013, is \$9,080,000.

The bond issue is comprised of both current interest bonds, par value \$9,305,000, and capital appreciation bonds, par value \$210,000. The interest rates on the current interest bonds range from 4.0% to 5.00%. The capital appreciation bonds mature on January 15, 2031 and January 15, 2032, (stated interest rate 9.742%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,000,000. Total accreted interest of \$169,062 has been included in the statement of net position.

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

The reacquisition price exceeded the net carrying amount of the old debt by \$413,309. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

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

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 35,000	\$ 381,227	\$ 416,227	\$ -	\$ -	\$ -
2015	45,000	379,827	424,827	-	-	-
2016	50,000	378,028	428,028	-	-	-
2017	110,000	376,028	486,028	-	-	-
2018	125,000	370,528	495,528	-	-	-
2019 - 2023	2,495,000	1,698,038	4,193,038	-	-	-
2024 - 2028	4,245,000	980,711	5,225,711	-	-	-
2029 - 2032	1,965,000	127,496	2,092,496	210,000	1,790,000	2,000,000
Total	<u>\$ 9,070,000</u>	<u>\$ 4,691,883</u>	<u>\$ 13,761,883</u>	<u>\$ 210,000</u>	<u>\$ 1,790,000</u>	<u>\$ 2,000,000</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

G. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$11,259,880 (including available funds of \$861,680) and an unvoted debt margin of \$115,536.

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

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District contracts with Trident Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. The Board's legal liability holds a deductible of \$2,500. Buildings/content and boiler and machinery has a limit of \$30,127,500 with a deductible of \$1,000. Real property and contents are 100% coinsured.

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

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2012.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 11 - RISK MANAGEMENT (Continued)

B. Employee Health Insurance

In January 1995, the District joined together with two other school districts in the state to form the Wyandot Crawford Health Benefit Plan (WCHBP), a public entity risk pool currently operating as a common risk management and insurance program. The WCHBP now includes seven school districts. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$150,000 for each insured event.

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

C. Workers' Compensation

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

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$166,651, \$151,558 and \$137,361, respectively; 74.33 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 12 - PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$495,663, \$501,072 and \$498,467, respectively; 84.28 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$32,960 made by the District and \$23,543 made by the plan members.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 12 - PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$19,232, \$23,768 and \$33,500, respectively; 74.33 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$9,414, \$8,950 and \$8,839, respectively; 74.33 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$38,128, \$38,544 and \$38,344, respectively; 84.28 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (530,062)
Net adjustment for revenue accruals	1,271
Net adjustment for expenditure accruals	44,309
Net adjustment for other sources/uses	73,901
Funds budgeted elsewhere	(33,309)
Adjustment for encumbrances	29,459
GAAP basis	\$ (414,431)

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 16 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	157,368
Prior year offset from bond proceeds	<u>(157,368)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

The District has \$13,514,711 in debt proceeds that will be available in future fiscal years as a capital improvement offset.

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund</u>	Year-End <u>Encumbrances</u>
General fund	\$ 33,736
Other governmental	<u>19,712</u>
Total	<u>\$ 53,448</u>

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Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 4, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 4, 2014



Dave Yost • Auditor of State

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 18, 2014**