

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2007



Mary Taylor, CPA
Auditor of State

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2007, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

November 26, 2007

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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, 2007. 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 2007 are as follows:

- In total, net assets of governmental activities increased \$1,033,159 which represents a 26.19% increase from 2006.
- General revenues accounted for \$8,155,424 in revenue or 81.77% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,818,141 or 18.23% of total revenues of \$9,973,565.
- The District had \$8,940,406 in expenses related to governmental activities; \$1,818,141 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,155,424 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund and building fund. The general fund had \$8,024,221 in revenues and \$7,581,769 in expenditures and other financing uses. During fiscal year 2007, the general fund's fund balance increased \$442,452 from \$1,211,377 to \$1,653,829.
- The debt service fund had \$1,026,485 in revenues and other financing sources and \$923,689 in expenditures. During fiscal year 2007, the debt service fund's fund balance increased \$102,796 from \$845,728 to \$948,524.
- The building fund had \$567,007 in revenues and other financing sources and \$395,005 in expenditures. During fiscal year 2007, the building fund's fund balance increased \$172,002 from \$51,657 to \$223,659.

Using these Basic Financial Statements

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, non-instructional services, and extracurricular activities.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
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Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 20-21. 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 22-47 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2007 and 2006.

	Net Assets	
	Governmental Activities 2007	Governmental Activities 2006
<u>Assets</u>		
Current and other assets	\$ 6,939,583	\$ 7,807,561
Capital assets, net	16,945,599	16,699,863
Total assets	23,885,182	24,507,424
<u>Liabilities</u>		
Current liabilities	3,917,125	5,301,331
Long-term liabilities	14,989,331	15,260,526
Total liabilities	18,906,456	20,561,857
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,872,197	2,558,985
Restricted	1,477,344	1,179,330
Unrestricted	629,185	207,252
Total net assets	\$ 4,978,726	\$ 3,945,567

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$4,978,726. Of this total, \$1,477,344 is restricted in use.

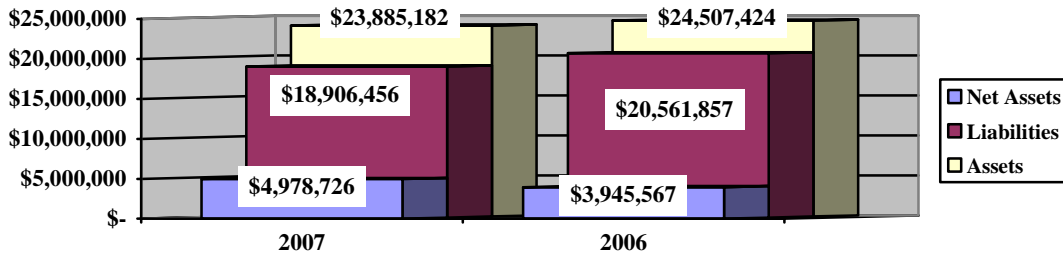
**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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(Continued)**

At year-end, capital assets represented 70.95% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$2,872,197. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,477,344, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$629,185 may be used to meet the District's ongoing obligations to the students and creditors.

Governmental Activities



The table below shows the change in net assets for fiscal year 2007 and 2006.

Change in Net Assets

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,104,236	\$ 1,076,334
Operating grants and contributions	695,370	495,949
Capital grants and contributions	18,535	-
General revenues:		
Property taxes	4,545,347	5,091,330
Grants and entitlements	3,435,078	2,913,443
Investment earnings	174,211	254,395
Other	<u>788</u>	<u>9,806</u>
Total revenues	<u>9,973,565</u>	<u>9,841,257</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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(Continued)**

	Change in Net Assets	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 3,758,118	\$ 3,560,471
Special	1,125,362	1,038,925
Vocational	12,935	26,293
Support services:		
Pupil	322,568	350,686
Instructional staff	189,764	263,615
Board of education	69,345	64,598
Administration	628,744	716,901
Fiscal	306,931	297,510
Business	131	-
Operations and maintenance	784,984	592,223
Pupil transportation	565,238	577,721
Central	66,360	17,651
Operations of other non-instructional services	36,559	292
Food service operations	323,033	511,134
Extracurricular activities	335,139	326,633
Interest and fiscal charges	415,195	696,795
Total expenses	<u>8,940,406</u>	<u>9,041,448</u>
Change in net assets	1,033,159	799,809
Net assets at beginning of year	<u>3,945,567</u>	<u>3,145,758</u>
Net assets at end of year	<u>\$ 4,978,726</u>	<u>\$ 3,945,567</u>

Governmental Activities

Net assets of the District's governmental activities increased \$1,033,159. Total governmental expenses of \$8,940,406 were offset by program revenues of \$1,818,141 and general revenues of \$8,155,424. Program revenues supported 20.34% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 80.02% of total governmental revenue.

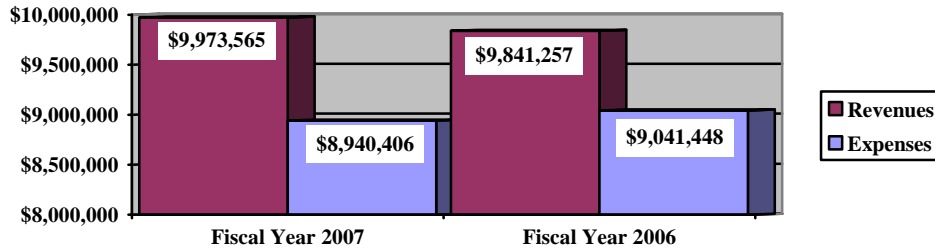
The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,896,415 or 54.77% of total governmental expenses for fiscal 2007.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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The graph below presents the District's governmental activities revenue and expenses for fiscal year 2007 and 2006.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

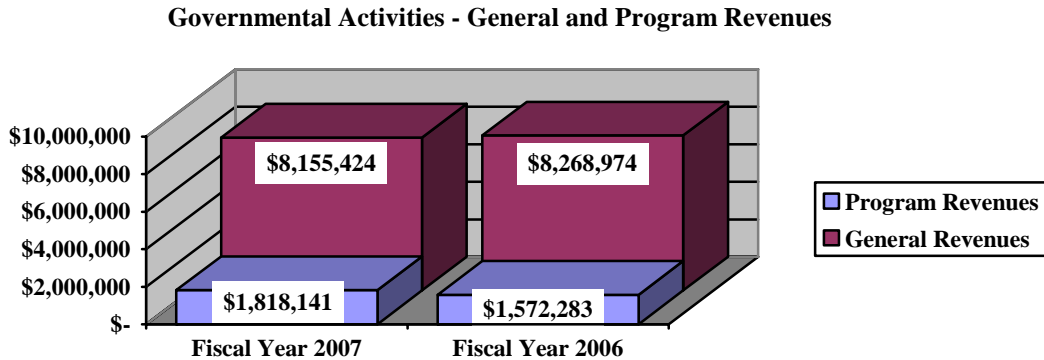
	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program expenses				
Instruction:				
Regular	\$ 3,758,118	\$ 3,035,216	\$ 3,560,471	\$ 2,821,014
Special	1,125,362	593,847	1,038,925	688,424
Vocational	12,935	10,645	26,293	26,293
Support services:				
Pupil	322,568	275,676	350,686	346,330
Instructional staff	189,764	175,414	263,615	222,092
Board of education	69,345	69,345	64,598	64,598
Administration	628,744	628,744	716,901	716,901
Fiscal	306,931	306,931	297,510	297,510
Business	131	131	-	-
Operations and maintenance	784,984	781,581	592,223	592,223
Pupil transportation	565,238	541,013	577,721	572,721
Central	66,360	61,360	17,651	17,651
Operations of non-instructional services	36,559	36,559	292	292
Food service operations	323,033	(32,222)	511,134	195,382
Extracurricular activities	335,139	222,830	326,633	210,939
Interest and fiscal charges	415,195	415,195	696,795	696,795
Total expenses	\$ 8,940,406	\$ 7,122,265	\$ 9,041,448	\$ 7,469,165

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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The dependence upon tax and other general revenues for governmental activities is apparent, 74.33% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.66%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2007 and 2006.



The District's Funds

The District's governmental funds reported a combined fund balance of \$3,074,237, which is higher than last year's total of \$2,354,895. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance June 30, 2007	Fund Balance June 30, 2006	Increase (Decrease)	Percentage Change
General	\$ 1,653,829	\$ 1,211,377	\$ 442,452	36.52 %
Debt Service	948,524	845,728	102,796	12.15 %
Building	223,659	51,657	172,002	332.97 %
Other Governmental	<u>248,225</u>	<u>246,133</u>	<u>2,092</u>	0.85 %
Total	<u>\$ 3,074,237</u>	<u>\$ 2,354,895</u>	<u>\$ 719,342</u>	30.55 %

General Fund

The District's general fund balance increased \$442,452. The increase in fund balance can be attributed to several items related to increasing revenues and decreased expenditures. Expenditures were kept down in efforts to maintain a larger carry over to makeup for the initial year of anticipated income tax revenue and the loss of the Emergency Levy not being put on the ballot. Revenues exceeded expenditures for fiscal year 2007 by \$465,510.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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(Continued)**

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

	2007 <u>Amount</u>	2006 <u>Amount</u>	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 3,747,369	\$ 4,450,009	\$ (702,640)	(15.79) %
Earnings on investments	144,543	101,032	43,511	43.07 %
Intergovernmental	3,373,756	2,771,605	602,151	21.73 %
Other revenues	<u>758,553</u>	<u>776,297</u>	<u>(17,744)</u>	(2.29) %
Total	<u>\$ 8,024,221</u>	<u>\$ 8,098,943</u>	<u>\$ (74,722)</u>	(0.92) %
<u>Expenditures</u>				
Instruction	\$ 4,455,269	\$ 4,192,266	\$ 263,003	6.27 %
Support services	2,838,933	2,820,881	18,052	0.64 %
Non-instructional services	1,805	292	1,513	518.15 %
Extracurricular activities	241,197	227,370	13,827	6.08 %
Facilities acquisition and construction	-	229	(229)	(100.00) %
Debt service	<u>21,507</u>	<u>24,470</u>	<u>(2,963)</u>	(12.11) %
Total	<u>\$ 7,558,711</u>	<u>\$ 7,265,508</u>	<u>\$ 293,203</u>	4.04 %

Debt Service Fund

The debt service fund had \$1,026,485 in revenues and other financing sources and \$923,689 in expenditures. During fiscal year 2007, the debt service fund's fund balance increased \$102,796 from \$845,728 to \$948,524.

Building Fund

The building fund had \$567,007 in revenues and other financing sources and \$395,005 in expenditures. During fiscal year 2007, the building fund's fund balance increased \$172,002 primarily due to the replacement of bond anticipation notes with long-term general obligation bonds subsequent to year end and the corresponding removal of the notes payable as a fund liability.

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 2007, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$7,494,900 and final budgeted revenues and other financing sources were \$7,998,333. Actual revenues and other financing sources for fiscal 2007 was \$8,011,358. This represents a \$13,025 increase over final budgeted revenues.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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General fund original appropriations (appropriated expenditures including other financing uses) totaled \$7,824,000, which were reduced to \$7,732,092 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$7,731,177, which was \$915 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the District had \$16,945,599 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 fiscal 2007 balances compared to 2006:

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

	Governmental Activities	
	2007	2006
Land	\$ 204,654	\$ 176,390
Land improvements	194,465	150,613
Building and improvements	15,750,846	821,217
Furniture and equipment	504,686	111,492
Vehicles	290,948	326,378
Construction in progress	-	15,113,773
Total	<u>\$ 16,945,599</u>	<u>\$ 16,699,863</u>

The overall increase in capital assets of \$245,736 is due to capital outlays of \$413,208 exceeding depreciation expense of \$149,490 and loss on disposals of capital assets of \$17,982 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, 2007, the District had \$13,928,954 in general obligation bonds, \$26,866 in bus garage loans, \$50,671 in water line project payable, \$480,000 in bond anticipation notes payable, and \$75,950 in a lease purchase agreement outstanding. Of this total, \$883,159 is due within one year and \$13,679,282 is due in greater than one year. The following table summarizes the bonds, capital lease obligations, loans and water line project payable outstanding.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
Bond anticipation notes payable	\$ 480,000	\$ 520,000
General obligation bonds	13,928,954	14,128,607
Capital lease obligations	-	5,756
Bus garage loans	26,866	43,953
Water line project payable	50,671	62,397
Lease purchase agreement	<u>75,950</u>	<u>104,132</u>
Total	<u>\$ 14,562,441</u>	<u>\$ 14,864,845</u>

See Notes 10 and 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District is proud that it has been able to maintain the advantages which come from living in a positive and caring rural environment. Those advantages include strong educational programming, reasonable class sizes and well qualified teachers. Our programs have traditionally placed at or near the top of county rankings on the district report cards. Proficiency test scores continue to improve, and the high school was recognized in 2004 as 'an excellent high school' having met all twelve benchmarks. As a small district we are able to provide academic and extra curricular opportunities to our students on an individualized basis, and it is our absolute priority to see each child fulfill his or her potential.

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

Like most other Ohio school districts, and as mentioned on page 9 of this discussion, the District has suffered as a result of reductions in state funding. In addition, the District is heavily dependent on business and inventory taxes, a revenue stream that will be phased out within the foreseeable future. More than ten teaching positions and three administrative positions have been eliminated since the end of fiscal year 2003 and other expenses were reduced as far as possible to allow the District to operate 'in the black' for the fiscal 2006 school year. A 1.25% tax on all income passed on the February 2007 ballot to generate the needed operating funds. The Board of Education and administration are committed to continue to do everything possible to provide quality education to the children of the District while working with the community and the legislature to seek a long- term solution to the need for operating funds.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Contacting the District's Financial Management

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Vickey Stump, Treasurer, Colonel Crawford Local School District, 2303 St. Rt. 602, P.O. Box 7, North Robinson, Ohio 44856-0007.

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**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 2,498,624
Receivables:	
Taxes	4,120,833
Accounts	6,709
Intergovernmental	85,758
Prepayments	13,530
Materials and supplies inventory	24,044
Unamortized bond issue costs	190,085
Capital assets:	
Land	204,654
Depreciable capital assets, net	16,740,945
Capital assets, net.	16,945,599
 Total assets.	 23,885,182
 Liabilities:	
Accounts payable.	11,091
Accrued wages and benefits	788,483
Pension obligation payable.	160,321
Intergovernmental payable	23,927
Unearned revenue	2,443,686
Compensated Absences Payable	5,360
Accrued interest payable	4,257
Notes payable	480,000
Long-term liabilities:	
Due within one year.	439,679
Due within more than one year	14,549,652
Total liabilities	18,906,456
 Net Assets:	
Invested in capital assets, net of related debt.	2,872,197
Restricted for:	
Capital projects	97,599
Debt service.	987,606
State funded programs.	16,439
Federally funded programs	17,486
Student activities	26,915
Public school support	18,365
Other purposes	312,934
Unrestricted	629,185
Total net assets	\$ 4,978,726

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, 2007**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 3,758,118	\$ 708,245	\$ 7,769	\$ 6,888	\$ (3,035,216)
Special	1,125,362	22,917	508,598	-	(593,847)
Vocational	12,935	-	2,290	-	(10,645)
Support services:					
Pupil	322,568	1,565	45,327	-	(275,676)
Instructional staff	189,764	-	14,350	-	(175,414)
Board of education	69,345	-	-	-	(69,345)
Administration.	628,744	-	-	-	(628,744)
Fiscal.	306,931	-	-	-	(306,931)
Business.	131	-	-	-	(131)
Operations and maintenance	784,984	3,403	-	-	(781,581)
Pupil transportation.	565,238	-	12,578	11,647	(541,013)
Central	66,360	-	5,000	-	(61,360)
Operation of non-instructional services:					
Other non-instructional services	36,559	-	-	-	(36,559)
Food service operations	323,033	262,458	92,797	-	32,222
Extracurricular activities.	335,139	105,648	6,661	-	(222,830)
Interest and fiscal charges	415,195	-	-	-	(415,195)
Total governmental activities	\$ 8,940,406	\$ 1,104,236	\$ 695,370	\$ 18,535	\$ (7,122,265)

General Revenues:

Property taxes levied for:	
General purposes	3,731,679
Debt service.	813,668
Grants and entitlements not restricted	
to specific programs.	3,435,078
Investment earnings	174,211
Miscellaneous	788
Total general revenues.	8,155,424
Change in net assets	1,033,159
Net assets at beginning of year.	3,945,567
Net assets at end of year	\$ 4,978,726

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 1,110,880	\$ 665,359	\$ 231,792	\$ 277,160	\$ 2,285,191
Receivables:					
Taxes	3,347,062	773,771	-	-	4,120,833
Accounts	6,709	-	-	-	6,709
Intergovernmental	-	-	-	85,758	85,758
Loans to other funds	690	-	-	-	690
Prepayments	13,530	-	-	-	13,530
Materials and supplies inventory	21,098	-	-	2,946	24,044
Restricted assets:					
Equity in pooled cash and cash equivalents	213,433	-	-	-	213,433
Total assets	<u>\$ 4,713,402</u>	<u>\$ 1,439,130</u>	<u>\$ 231,792</u>	<u>\$ 365,864</u>	<u>\$ 6,750,188</u>
Liabilities:					
Accounts payable	\$ 6,163	\$ -	\$ 4,543	\$ 385	\$ 11,091
Accrued wages and benefits	716,344	-	-	72,139	788,483
Compensated absences payable	5,175	-	-	185	5,360
Accrued interest payable	-	-	3,590	-	3,590
Pension obligation payable	145,027	-	-	15,294	160,321
Intergovernmental payable	21,164	-	-	2,763	23,927
Loans from other funds	-	-	-	690	690
Deferred revenue	173,315	39,305	-	26,183	238,803
Unearned revenue	1,992,385	451,301	-	-	2,443,686
Total liabilities	<u>3,059,573</u>	<u>490,606</u>	<u>8,133</u>	<u>117,639</u>	<u>3,675,951</u>
Fund Balances:					
Reserved for encumbrances	16,051	-	129,234	11,868	157,153
Reserved for materials and supplies inventory	21,098	-	-	2,946	24,044
Reserved for prepayments	13,530	-	-	-	13,530
Reserved for property tax unavailable for appropriation	1,181,822	283,165	-	-	1,464,987
Reserved for internal loans	618	-	-	-	618
Reserved for textbooks	213,433	-	-	-	213,433
Reserved for debt service	-	665,359	-	-	665,359
Unreserved:					
Designated for termination benefits	-	-	-	99,500	99,500
Unreserved, undesignated (deficit), reported in:					
General fund	207,277	-	-	-	207,277
Special revenue funds	-	-	-	42,434	42,434
Capital projects funds	-	-	94,425	91,477	185,902
Total fund balances	<u>1,653,829</u>	<u>948,524</u>	<u>223,659</u>	<u>248,225</u>	<u>3,074,237</u>
Total liabilities and fund balances	<u>\$ 4,713,402</u>	<u>\$ 1,439,130</u>	<u>\$ 231,792</u>	<u>\$ 365,864</u>	<u>\$ 6,750,188</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007**

Total governmental fund balances		\$ 3,074,237
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,945,599
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 212,620	
Intergovernmental revenue	<u>26,183</u>	
Total		238,803
In the statement of activities interest is accrued on outstanding bonds and loans, whereas in the governmental funds, interest expenditures are reported when due.		(667)
Unamortized bond issuance costs are not recognized in the funds.		190,085
Unamortized premiums on bond issuance is not recognized in the funds.		(377,673)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable	(480,000)	
Compensated absences	(529,217)	
Loans payable	(77,537)	
Lease purchase agreement	(75,950)	
General obligation bonds payable	<u>(13,928,954)</u>	
Total		<u>(15,091,658)</u>
Net assets of governmental activities		<u>\$ 4,978,726</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, 2007**

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 3,747,369	\$ 757,194	\$ 63,854	\$ -	\$ 4,568,417
Tuition	646,282	-	-	-	646,282
Charges for services	-	-	-	262,458	262,458
Earnings on investments	144,543	-	23,153	120	167,816
Extracurricular	23,200	-	-	82,448	105,648
Classroom materials and fees	60,647	-	-	1,565	62,212
Other local revenues	28,424	-	-	13,176	41,600
Intergovernmental - Intermediate	25,144	-	-	-	25,144
Intergovernmental - State	3,339,805	246,785	-	38,315	3,624,905
Intergovernmental - Federal	8,807	-	-	466,421	475,228
Total revenue	<u>8,024,221</u>	<u>1,003,979</u>	<u>87,007</u>	<u>864,503</u>	<u>9,979,710</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,701,497	-	-	8,183	3,709,680
Special	753,772	-	-	340,527	1,094,299
Support services:					
Pupil	305,782	-	-	31,637	337,419
Instructional staff	174,658	-	-	14,724	189,382
Board of education	68,664	-	-	-	68,664
Administration	640,785	-	-	-	640,785
Fiscal	285,069	24,669	-	-	309,738
Business	131	-	-	-	131
Operations and maintenance	776,550	-	-	-	776,550
Pupil transportation	526,310	-	-	-	526,310
Central	60,984	-	-	5,376	66,360
Operation of non-instructional services:					
Food service operations	-	-	-	314,932	314,932
Other non-instructional services	1,805	-	-	34,754	36,559
Extracurricular activities	241,197	-	-	81,414	322,611
Facilities acquisition and construction	-	-	370,903	-	370,903
Debt service:					
Principal retirement	17,482	312,087	-	28,182	357,751
Interest and fiscal charges	4,025	586,933	24,102	3,234	618,294
Total expenditures	<u>7,558,711</u>	<u>923,689</u>	<u>395,005</u>	<u>862,963</u>	<u>9,740,368</u>
Excess of revenues over (under) expenditures	<u>465,510</u>	<u>80,290</u>	<u>(307,998)</u>	<u>1,540</u>	<u>239,342</u>
Other financing sources (uses):					
Proceeds of Notes	-	-	480,000	-	480,000
Transfers in	-	22,506	-	552	23,058
Transfers (out)	(23,058)	-	-	-	(23,058)
Total other financing sources (uses)	<u>(23,058)</u>	<u>22,506</u>	<u>480,000</u>	<u>552</u>	<u>480,000</u>
Net change in fund balances	442,452	102,796	172,002	2,092	719,342
Fund balances at beginning of year	<u>1,211,377</u>	<u>845,728</u>	<u>51,657</u>	<u>246,133</u>	<u>2,354,895</u>
Fund balances at end of year	<u>\$ 1,653,829</u>	<u>\$ 948,524</u>	<u>\$ 223,659</u>	<u>\$ 248,225</u>	<u>\$ 3,074,237</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, 2007**

Net change in fund balances - total governmental funds \$ 719,342

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.

Capital asset additions	\$	413,208	
Current year depreciation		<u>(149,490)</u>	
Total			263,718

The net effect of various miscellaneous transactions involving capital assets is to decrease net assets. (17,982)

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

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

In the statement of activities, interest expense is recognized as the interest accrues on long-term debt that does not appear in the fund financial statements. The additional interest reported in the statement of activities is due to the accrued interest on bonds and other long-term debt as well as additional accumulated accreted interest on the capital appreciation bonds.

Decrease in accrued interest payable		290,790	
Accreted interest on "capital appreciation" bonds		<u>(95,347)</u>	
Total			195,443

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

Taxes		(23,070)	
Intergovernmental		<u>16,925</u>	
Total			(6,145)

Repayment of bonds, loans, and capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 357,751

Proceeds of notes for bond anticipation notes which are replaced by a long-term obligation subsequent to the close of the fiscal period, but prior to issuance of the financial statements are other financing sources in the governmental funds, but increase long-term liabilities in the statement of net assets. (480,000)

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. (6,624)

Change in net assets of governmental activities \$ 1,033,159

**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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 3,471,137	\$ 3,704,293	\$ 3,704,293	\$ -
Tuition.	605,603	646,282	646,282	-
Earnings on investments.	125,103	133,506	144,543	11,037
Extracurricular.	21,740	23,200	23,200	-
Classroom materials and fees	56,287	60,068	60,264	196
Other local revenues	21,353	22,787	25,205	2,418
Intergovernmental - Intermediate.	23,561	25,144	25,144	-
Intergovernmental - State	3,129,590	3,339,805	3,339,805	-
Intergovernmental - Federal.	8,253	8,807	8,807	-
Total revenue	7,462,627	7,963,892	7,977,543	13,651
Expenditures:				
Current:				
Instruction:				
Regular	3,844,745	3,799,581	3,795,058	4,523
Special.	769,358	760,321	759,567	754
Support services:				
Pupil.	332,507	328,601	326,638	1,963
Instructional staff	186,886	184,690	184,675	15
Board of education	77,899	76,984	81,790	(4,806)
Administration.	651,231	643,581	642,776	805
Fiscal	283,407	280,078	284,998	(4,920)
Business	132	131	131	-
Operations and maintenance.	784,643	775,426	773,952	1,474
Pupil transportation	527,768	521,568	520,208	1,360
Central	61,709	60,984	60,984	-
Operation of non-instructional	741	732	732	-
Extracurricular activities.	241,301	238,467	238,467	-
Facilities acquisition and construction.	15,555	15,372	15,553	(181)
Total expenditures	7,777,882	7,686,516	7,685,529	987
Excess of revenues under expenditures.	(315,255)	277,376	292,014	14,638
Other financing sources (uses):				
Transfers in.	2,008	2,143	1,517	(626)
Transfers (out)	(24,868)	(24,576)	(24,576)	-
Advances in.	19,678	21,000	21,000	-
Advances (out)	(21,250)	(21,000)	(21,072)	(72)
Sale of capital assets.	10,587	11,298	11,298	-
Total other financing sources (uses)	(13,845)	(11,135)	(11,833)	(698)
Net change in fund balance	(329,100)	266,241	280,181	13,940
Fund balance at beginning of year.	1,012,354	1,012,354	1,012,354	-
Prior year encumbrances appropriated	8,868	8,868	8,868	-
Fund balance at end of year	\$ 692,122	\$ 1,287,463	\$ 1,301,403	\$ 13,940

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007**

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 550	\$ 143,308
Receivables:		
Accounts	-	141
	550	143,449
Total assets.	550	\$ 143,449
Liabilities:		
Due to students	-	\$ 40,939
Retainage payable.	-	102,510
	-	143,449
Total liabilities	-	\$ 143,449
Net Assets:		
Held in trust for scholarships	550	
Total net assets	\$ 550	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2007**

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 550
Total additions.	550
Change in net assets	550
Net assets at beginning of year.	-
Net assets at end of year	\$ 550

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, 2007**

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 487th largest by enrollment among the 876 public and community school districts in the state, and 4th largest in Crawford County. It currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District employs 43 non-certified and 68 certified employees to provide services to 984 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

JOINT VENTURE

North Central Ohio Computer Cooperative (NCOCC)

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

D. Basis of Accounting

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

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

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

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds, except Agency Funds. The specific timetable for fiscal year 2007 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2007.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which were either reallocated, decreased or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2007, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

The District has invested funds in STAR Ohio during fiscal 2007. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2007.

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 2007 amounted to \$144,543, which includes \$70,201 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, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2007, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves and Designation

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

M. Net Assets

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

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

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

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2007.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 3,392
Ohio Reads	549
Poverty Aid	7
Title I	1,438

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Protection of 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, 2007, the carrying amount of all District deposits was \$57,387. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$155,100 of the District's bank balance of \$283,089 was exposed to custodial risk as discussed below, while \$127,989 was covered by Federal Deposit Insurance Corporation.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

B. Investments

As of June 30, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 2,585,095	\$ 2,585,095

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Star Ohio	\$ 2,585,095	100.00

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 57,387
Investments	<u>2,585,095</u>
Total	<u>\$ 2,642,482</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 2,498,624
Private-purpose trust funds	550
Agency funds	<u>143,308</u>
Total	<u>\$ 2,642,482</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund financial statements:

Transfers from General fund to:		
Debt Service		\$ 22,506
Nonmajor Governmental Funds		552

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

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

- B.** Interfund balances at June 30, 2007 as reported on the fund statements, consist of the following long-term loans to other funds.

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

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2007 are reported on the statement of net assets.

Interfund balances at June 30, 2007 as reported on the fund statements, consist of the following short-term loans to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 72

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. All short-term interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2007 are reported on the statement of net assets.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of December 31, 2005, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of January 1, 2006. For 2006, tangible personal property is assessed at 18.75% for property including inventory. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County Auditors by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 6 - PROPERTY TAXES - (Continued)

The amount available as an advance at June 30, 2007 was \$1,181,822 in the general fund and \$283,165 in the debt service fund. This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$1,138,746 in the general fund and \$291,047 in the debt service fund.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 96,145,018	79.50	\$ 105,872,270	85.04
Public utility personal	4,776,780	3.95	4,495,440	3.61
Tangible personal property	<u>20,021,474</u>	<u>16.55</u>	<u>14,132,530</u>	<u>11.35</u>
Total	<u>\$ 120,943,272</u>	<u>100.00</u>	<u>\$ 124,500,240</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 56.84		\$ 55.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

Governmental Activities:

Taxes	\$ 4,120,833
Accounts	6,709
Intergovernmental	<u>85,758</u>
Total	<u>\$ 4,213,300</u>

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/07</u>
<i>Governmental Activities</i>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 176,390	\$ 28,264	\$ -	\$ 204,654
Construction in progress	15,113,773	282,643	(15,396,416)	-
Total capital assets, not being depreciated	<u>15,290,163</u>	<u>310,907</u>	<u>(15,396,416)</u>	<u>204,654</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	651,748	69,134	(30,984)	689,898
Buildings and improvements	2,646,778	15,012,238	-	17,659,016
Furniture and equipment	320,903	417,345	(94,861)	643,387
Vehicles	828,157	-	-	828,157
Total capital assets, being depreciated	<u>4,447,586</u>	<u>15,498,717</u>	<u>(125,845)</u>	<u>19,820,458</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(501,135)	(12,873)	18,575	(495,433)
Buildings and improvements	(1,825,561)	(82,609)	-	(1,908,170)
Furniture and equipment	(209,411)	(18,578)	89,288	(138,701)
Vehicles	(501,779)	(35,430)	-	(537,209)
Total accumulated depreciation	<u>(3,037,886)</u>	<u>(149,490)</u>	<u>107,863</u>	<u>(3,079,513)</u>
Governmental activities capital assets, net	<u>\$ 16,699,863</u>	<u>\$ 15,660,134</u>	<u>\$ (15,414,398)</u>	<u>\$ 16,945,599</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 53,542
Special	3,063
Vocational	12,935
<u>Support Services:</u>	
Pupil	1,957
Instructional staff	3,196
Board of Education	681
Administration	1,276
Fiscal	681
Operations and maintenance	10,366
Pupil transportation	39,053
Extracurricular activities	13,551
Food service operations	<u>9,189</u>
Total depreciation expense	<u>\$149,490</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

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

Capital assets consisting of equipment have been capitalized in the amount of \$30,545. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2007 totaled \$5,756 paid by the general fund.

During fiscal year 2007 the capital lease obligation for the copier equipment was paid in full.

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

The present value of the minimum lease payments at the time of acquisition was \$131,140. A liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2007 totaled \$28,182 paid by a nonmajor capital projects fund.

The following is a schedule of the future long-term minimum lease payments required under the lease purchase agreement and the present value of the future minimum lease payments as of June 30, 2007:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2008	\$ 30,568
2009	32,061
2010	<u>16,062</u>
Total minimum lease payments	78,691
Less amount representing interest	<u>(2,741)</u>
Total	<u>\$ 75,950</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

	Interest Rate	Balance Outstanding 06/30/06	Additions	Reductions	Balance Outstanding 06/30/07	Amounts Due in One Year
Governmental Activities:						
<u>General Obligation Bonds:</u>						
School improvements bonds	2%-5%	\$ 13,365,000	\$ -	\$ (295,000)	\$ 13,070,000	\$ 340,000
Capital appreciation bonds	12.18%	560,000	-	-	560,000	-
Accreted interest		203,607	95,347	-	298,954	-
Total general obligation bonds payable		<u>\$ 14,128,607</u>	<u>\$ 95,347</u>	<u>\$ (295,000)</u>	<u>\$ 13,928,954</u>	<u>\$ 340,000</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligation		\$ 5,756	\$ -	\$ (5,756)	\$ -	\$ -
Bus garage loan payable		43,953	-	(17,087)	26,866	21,322
Water line project payable		62,397	-	(11,726)	50,671	12,430
Lease purchase agreement		104,132	-	(28,182)	75,950	29,407
Compensated absences		522,593	59,012	(52,388)	529,217	36,520
Total other long-term obligations		<u>\$ 738,831</u>	<u>\$ 59,012</u>	<u>\$ (115,139)</u>	<u>\$ 682,704</u>	<u>\$ 99,679</u>
Total governmental activities		<u>\$ 14,867,438</u>	<u>\$ 154,359</u>	<u>\$ (410,139)</u>	14,611,658	<u>\$ 439,679</u>
Add: Unamortized premium on bond issue		<u>393,088</u>			<u>377,673</u>	
Total on statement of net assets		<u>\$ 15,260,526</u>			<u>\$ 14,989,331</u>	

- B. Compensated Absences – Compensated absences will be paid from the fund from which the employee is paid.
- C. Waterline Project - The District entered into an agreement with the Crawford County Commissioners on November 19, 1996 regarding costs for a water system improvement project in Sewer District No. 2. Under this agreement, the District will pay \$159,584 over a period of fifteen years in return for exemption from tap-in charges. Interest on this obligation will be calculated at a rate indexed to the rate of interest paid by the Crawford County Commissioners on its debt arising from this project. During fiscal 2007, the District made \$11,726 in principal payments and \$3,855 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, 2007 reported on the statement of net assets is \$50,671.
- D. Garage Loan - The District entered into a bus garage lease purchase agreement on September 10, 1998. Interest on this loan is a variable rate calculated at 75% of the Prime Rate in effect as of the first day of each month. During fiscal 2007, the District made \$17,087 in principal payments and \$5,419 in interest payments on this obligation. Principal and interest payments are reported in the District's debt service fund. The remaining principal obligation at June 30, 2007 reported on the statement of net assets is \$26,866.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- E. During fiscal year 2004, the District issued \$14,500,000 in general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

This issue is comprised of both current interest bonds, par value \$13,940,000, and capital appreciation bonds, par value \$560,000. The interest rates on the current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds mature on January 15, 2015 (effective interest 4.35%), at redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,745,000. A total of \$298,954 in accreted interest on the capital appreciation bonds has been included in the Statement of Net Assets at June 30, 2007.

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

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

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 340,000	\$ 575,466	\$ 915,466	\$ -	\$ -	\$ -
2009	345,000	567,136	912,136	-	-	-
2010	355,000	557,649	912,649	-	-	-
2011	410,000	546,821	956,821	-	-	-
2012	-	533,086	533,086	415,000	-	415,000
2013 - 2017	950,000	2,646,831	3,596,831	1,330,000	-	1,330,000
2018 - 2022	2,775,000	2,243,201	5,018,201	-	-	-
2023 - 2027	3,480,000	1,558,033	5,038,033	-	-	-
2028 - 2032	4,415,000	649,325	5,064,325	-	-	-
Total	<u>\$ 13,070,000</u>	<u>\$ 9,877,548</u>	<u>\$ 22,947,548</u>	<u>\$ 1,745,000</u>	<u>\$ -</u>	<u>\$ 1,745,000</u>

F. 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 use 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, 2007, are a voted debt margin of \$10,784,436 (including available funds of \$948,524) and an unvoted debt margin of \$109,288.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

NOTE 11 - NOTES PAYABLE

During fiscal year 2007, the District issued \$480,000 in bond anticipation notes. The District also retired \$520,000 in bond anticipation notes during fiscal year 2007. The notes are backed by the full faith and credit of the District and are reported as a liability of the Building fund. Activity during the fiscal year was as follows:

	Issue Date	Maturity Date	Interest Rate (%)	Balance June 30, 2006	Increase	Decrease	Balance June 30, 2007
Bond Anticipation Notes:							
Bond anticipation notes	5/10/06	5/9/07	4.60	\$ 520,000	-	\$ (520,000)	-
Bond anticipation notes	5/10/07	1/15/08	5.25	-	480,000	-	480,000
Total bond anticipation notes				<u>\$ 520,000</u>	<u>\$ 480,000</u>	<u>\$ (520,000)</u>	<u>\$ 480,000</u>

The \$480,000 bond anticipation notes were replaced with general obligation bonds dated October 18, 2007. Therefore, the notes payable is excluded as a fund liability and an other financing source is reported in the Building Fund.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

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

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2006. Insurance coverage was increased at the end of fiscal year 2007 to reflect the completion of a new pre-kindergarten through eighth grade building, the William and Hannah Crawford Schools.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Employee Health Insurance

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

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

C. Workers' Compensation

For fiscal year 2007, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 13 - PENSION PLANS - (Continued)

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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$95,651, \$102,629, and \$87,187; 45.00 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$52,610 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System of Ohio

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 13 - PENSION PLANS - (Continued)

For the fiscal year ended June 30, 2007, 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. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$438,617, \$440,091 and \$443,541; 83.63 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$71,797 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$260 made by the District and \$13,594 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$33,740 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$44,479 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million, which is about 221% of next years projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claims costs. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of expenditures, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ 280,181
Net adjustment for revenue accruals	46,678
Net adjustment for expenditure accruals	103,908
Net adjustment for other sources/uses	(11,225)
Adjustment for encumbrances	<u>22,910</u>
GAAP basis	<u>\$ 442,452</u>

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2007.

B. Litigation

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$36,473 per year. A portion of the refund may be recovered from additional State entitlement payments.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2006	\$ 254,278	\$ (14,342,097)
Current year set-aside requirement	140,092	140,092
Qualifying disbursements	<u>(180,937)</u>	<u>(805,976)</u>
Total	<u>\$ 213,433</u>	<u>\$ (15,007,981)</u>
Cash balance carried forward to FY 2008	<u>\$ 213,433</u>	<u>\$ (15,007,981)</u>

A schedule of the restricted assets at June 30, 2007 follows:

Amounts restricted for textbooks	<u>\$ 213,433</u>
Total restricted assets	<u>\$ 213,433</u>

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2007, the District had the following contractual commitments outstanding related to the Construction Project described in Note 10.E. A summary of the primary contractual commitments follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid Through June 30, 2007</u>	<u>Remaining Contract Amount</u>
Stanley Security Solutions	\$ 48,030	\$ 46,030	\$ 2,000
Ron Bower	444	-	444
Universal Refrigeration	2,184,236	2,176,707	7,529
Vaugh Industries	1,828,882	1,737,741	91,141
Wasserstrom Company	<u>280,435</u>	<u>267,109</u>	<u>13,326</u>
Total	<u>\$ 4,342,027</u>	<u>\$ 4,227,587</u>	<u>\$ 114,440</u>

NOTE 19 – SUBSEQUENT EVENT

On November 1, 2007, the District finalized the issuance of \$9,515,000 General Obligation School Improvement and Refunding Bonds dated October 18, 2007, a portion of which was used to retire the \$480,000 of outstanding bond anticipation notes issued on May 9, 2007.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2007-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the District's management in a separate letter dated November 26, 2007.

Compliance and Other Matters

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

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



Mary Taylor, CPA
Auditor of State

November 26, 2007

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2007-001
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**Significant Deficiency / Material Weakness
Financial Reporting**

Sound financial reporting is the responsibility of the Treasurer, Superintendent, and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the June 30, 2007 financial statements:

1. To decrease taxes receivable and unearned revenues in the General Fund by \$541,780 and in the Debt Service Fund by \$94,464 to properly exclude personal property taxes unrelated to the October settlement.
2. To increase matured compensated absences payable and to decrease long-term liabilities due within one year by \$5,360 to properly record matured compensated absences payable on the face of the Statement of Net Assets and to properly exclude the amount from long-term liabilities due within one year.
3. To decrease capital asset additions by \$77,542, and to increase regular instruction by this amount for the improper capitalization of additions related to the new PK-8 building project twice, once as furniture and equipment and again as construction in progress.
4. To decrease notes payable and increase proceeds of notes in the amount of \$480,000 in the Building Fund for the removal of the bond anticipation notes payable as a fund liability due to the long-term general obligation bonds being issued subsequent to year end but prior to the issuance of the financial statements.
5. To reduce reserve for encumbrances in the amount of \$1,301,403 in the General Fund to properly reflect reserve for encumbrances at June 30, 2007.

The following unadjusted differences and reclassifications were inconsequential to the overall financial statements of the District and were not posted to the June 30, 2007 financial statements:

1. To properly record personal property tax exemptions of \$9,995 in the General Fund and \$1,600 in the Bond Retirement Fund, and \$11,595 in Governmental Activities, as intergovernmental receipts rather than tax receipts.
2. To properly record original budgeted receipts in the General Fund, as certified on the Original Certificate of Estimated Resources.
3. To properly record accrued insurance premiums of \$5,353 in the General Fund and \$434 in Remaining Fund Information, and \$5,787 in Governmental Activities.
4. To decrease the reserve for property taxes in the General Fund and personal property tax revenue in the General Fund and Governmental Activities, and to increase deferred revenue in the General Fund and Governmental Activities, by \$26,333 to exclude personal property amounts available for advance from property tax revenue.
5. To decrease the reserve for property taxes in the Bond Retirement Fund and personal property revenue in the Bond Retirement Fund and Governmental Activities, and to increase deferred revenue in the Bond Retirement Fund and Governmental Activities, by \$3,472 to exclude personal property amounts available for advance from property tax revenue.
6. To properly record delinquencies collected in the available period as revenue, rather than deferred revenue, in the amount of \$19,869 in the General Fund and \$4,966 in the Bond Retirement fund.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-001 (Continued)
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Financial Reporting (Continued)

7. To properly record receipts of \$4,438 in the Bond Retirement Fund and Governmental Activities as payments in lieu of taxes, rather than property tax revenue.
8. To properly record accreted interest for fiscal year 2007 of \$335 in Governmental Activities.
9. To properly record accrued interest payable of \$287,733 related to the School Improvement Bonds in Governmental Activities.
10. To properly include unamortized premium of \$377,673 in invested in capital assets, net of related debt, rather than unrestricted net assets.
11. To properly classify revenues of \$23,153 related to Fund 004 as program revenues rather than general revenues.
12. To properly classify commission revenues in Fund 018 of \$6,515 as program revenues rather than general revenues.
13. To include the positive fund balance in the Building Fund of \$223,659, resulting from the removal of the fund liability for bond anticipation notes, as restricted for capital projects.

The audit adjustments and unadjusted differences and reclassifications identified above should be reviewed by the Treasurer, Superintendent, and Board of Education to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the District should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the District's activity.

Officials' Response

We did not receive a response from Officials to this finding.



Mary Taylor, CPA
Auditor of State

COLONEL CRAWFORD LOCAL SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 5, 2008**