

Mary Taylor, CPA
Auditor of State

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
General Purpose External Financial Statements	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	21
Statement of Fiduciary Net Assets – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund.....	23
Notes to the Basic Financial Statements	25
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	55



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, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Colonel Crawford Local School District, Crawford County, Ohio, as of June 30, 2009, 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 February 16, 2010, 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

February 16, 2010

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets of governmental activities decreased \$102,451 which represents a 2.14% decrease from 2008.
- General revenues accounted for \$8,393,095 in revenue or 81.19% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,945,118 or 18.81% of total revenues of \$10,338,213.
- The District had \$10,440,664 in expenses related to governmental activities; \$1,945,118 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 \$8,393,095 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the debt service fund. The general fund had \$8,886,348 in revenues and other financing sources and \$8,943,402 in expenditures and other financing uses. During fiscal year 2009, the general fund's fund balance decreased \$57,054 from \$1,266,762 to \$1,209,708.
- The debt service fund had \$915,260 in revenues and other financing sources and \$952,141 in expenditures. During fiscal year 2009, the debt service fund's fund balance decreased \$36,881 from \$960,940 to \$924,059.

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 and the debt service 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, 2009
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of 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 and the debt service 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, 2009
UNAUDITED
(Continued)**

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 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 22-49 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 at June 30, 2009 and June 30, 2008.

	Net Assets	
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<u>Assets</u>		
Current and other assets	\$ 6,293,283	\$ 6,533,649
Capital assets, net	<u>16,621,544</u>	<u>16,689,317</u>
Total assets	<u>22,914,827</u>	<u>23,222,966</u>
<u>Liabilities</u>		
Current liabilities	3,541,776	3,558,348
Long-term liabilities	<u>14,697,412</u>	<u>14,886,528</u>
Total liabilities	<u>18,239,188</u>	<u>18,444,876</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	3,057,648	2,792,940
Restricted	1,277,604	1,392,460
Unrestricted	<u>340,387</u>	<u>592,690</u>
Total net assets	<u>\$ 4,675,639</u>	<u>\$ 4,778,090</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$4,675,639. Of this total, \$1,277,604 is restricted in use.

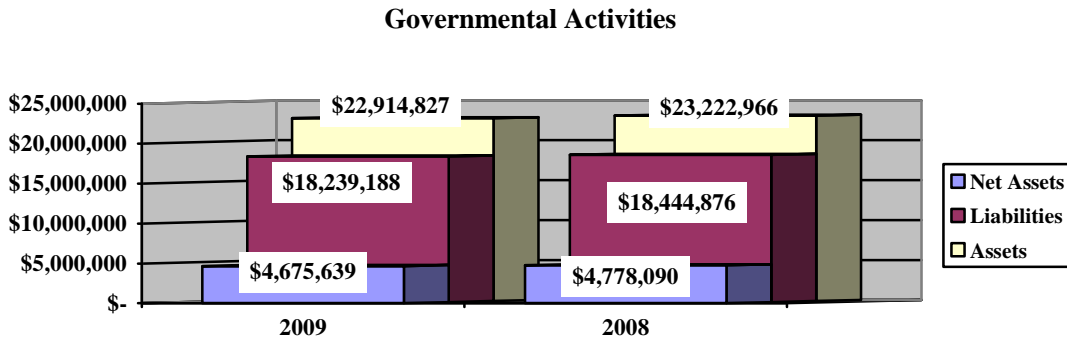
**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

At year-end, capital assets represented 72.54% 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, 2009, were \$3,057,648. 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, \$1,277,604, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$340,387 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below shows the District's assets, liabilities and net assets at June 30, 2009 and June 30, 2008:



The table below shows the change in net assets for fiscal year 2009 and 2008.

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,304,484	\$ 1,284,106
Operating grants and contributions	625,572	651,518
Capital grants and contributions	15,062	7,318
General revenues:		
Property taxes	3,064,551	3,699,206
Income taxes	1,331,020	344,540
Grants and entitlements	3,927,500	3,710,750
Investment earnings	45,267	125,814
Other	<u>24,757</u>	<u>18,527</u>
Total revenues	<u>10,338,213</u>	<u>9,841,779</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,165,058	\$ 4,217,108
Special	1,133,220	1,121,011
Vocational	24,625	7,122
Other	5,115	3,926
Support services:		
Pupil	473,829	463,206
Instructional staff	289,070	239,840
Board of education	24,805	32,934
Administration	572,158	638,376
Fiscal	391,721	330,587
Business	52	234
Operations and maintenance	1,145,186	782,427
Pupil transportation	675,472	581,144
Central	61,581	41,473
Operations of non-instructional services:		
Other non-instructional services	30,922	44,644
Food service operations	402,660	370,359
Extracurricular activities	391,842	353,709
Interest and fiscal charges	<u>653,348</u>	<u>814,315</u>
Total expenses	<u>10,440,664</u>	<u>10,042,415</u>
Change in net assets	(102,451)	(200,636)
Net assets at beginning of year	<u>4,778,090</u>	<u>4,978,726</u>
Net assets at end of year	<u>\$ 4,675,639</u>	<u>\$ 4,778,090</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$102,451. Total governmental expenses of \$10,440,664 were offset by program revenues of \$1,924,322 and general revenues of \$8,393,095. Program revenues supported 18.63% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These revenue sources represent 80.51% of total governmental revenue.

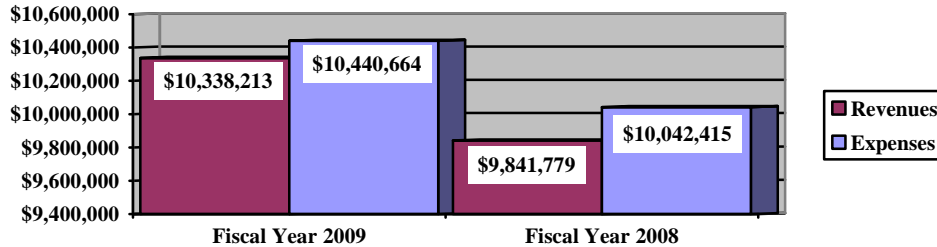
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,328,018 or 51.03% of total governmental expenses for fiscal year 2009.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2009 and 2008.

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

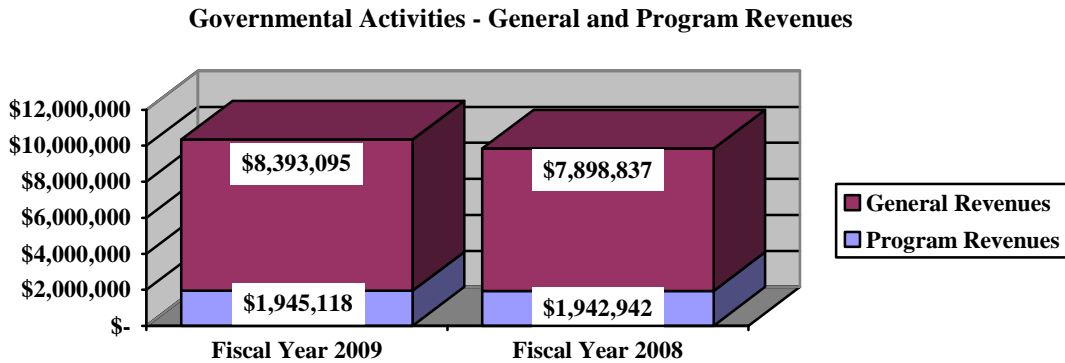
	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Program expenses				
Instruction:				
Regular	\$ 4,165,058	\$ 3,387,039	\$ 4,217,108	\$ 3,411,004
Special	1,133,220	508,503	1,121,011	509,559
Vocational	24,625	22,451	7,122	5,823
Other	5,115	5,115	3,926	3,926
Support services:				
Pupil	473,829	433,447	463,206	441,118
Instructional staff	289,070	273,582	239,840	227,813
Board of education	24,805	24,805	32,934	32,934
Administration	572,158	564,462	638,376	638,376
Fiscal	391,721	391,721	330,587	330,587
Business	52	52	234	234
Operations and maintenance	1,145,186	1,142,761	782,427	782,427
Pupil transportation	675,472	631,055	581,144	562,685
Central	61,581	56,581	41,473	36,473
Operations of non-instructional services:				
Other of non-instructional services	30,922	30,922	44,644	44,644
Food service operations	402,660	70,435	370,359	27,991
Extracurricular activities	391,842	299,267	353,709	229,564
Interest and fiscal charges	653,348	653,348	814,315	814,315
Total expenses	\$ 10,440,664	\$ 8,495,546	\$ 10,042,415	\$ 8,099,473

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The dependence upon tax and other general revenues for governmental activities is apparent, 73.63% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.37%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students.

The graph below presents the District's governmental activities revenues for fiscal year 2009 and 2008.



The District's Funds

The District's governmental funds reported a combined fund balance of \$2,662,547, which is less than last year's total of \$2,757,600. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and June 30, 2008.

	Fund Balance June 30, 2009	Fund Balance June 30, 2008	Decrease	Percentage Change
General	\$ 1,209,708	\$ 1,266,762	\$ (57,054)	(4.50) %
Debt Service	924,059	960,940	(36,881)	(3.84) %
Other Governmental	528,780	529,898	(1,118)	(0.21) %
Total	\$ 2,662,547	\$ 2,757,600	\$ (95,053)	(3.45) %

General Fund

The District's general fund balance decreased \$57,054.

Revenues of the general fund increased \$893,834 or 11.33%. The most significant increases were in the areas of taxes and intergovernmental. Taxes increased \$403,810 or 12.00%. This increase is primarily due to an increase in income tax revenue. During fiscal year 2009, a full year of income taxes was collected compared to only a half year during fiscal year 2008. Intergovernmental revenue increased \$504,202 or 14.56%. This is primarily due to an increase in State reimbursements for personal property taxes. These revenues increased roughly \$744,000 compared to fiscal year 2008. The decrease in earnings on investment of \$73,299 is primarily due to a decrease in interest rates earned on the District's investments compared to fiscal year 2008.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Expenditures of the general fund increased \$787,772 of 9.94%. The most significant increase was in the area support services. Support services increased \$696,514 or 23.01%. This increase can be attributed to increases in operations and maintenance expenditures and pupil transportation expenditures. The increase in operations and maintenance can be attributed to the addition of a new custodial position, a new secretary position, increases in utility costs and increases in building improvements related to Jarod's Law. The increase in pupil transportation expenditures is mainly due to four new buses purchased during fiscal year 2009 compared to only one new bus purchase in fiscal year 2008.

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

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 3,768,341	\$ 3,364,531	\$ 403,810	12.00 %
Earnings on investments	44,300	117,599	(73,299)	(62.33) %
Intergovernmental	3,967,566	3,463,364	504,202	14.56 %
Other revenues	<u>1,004,232</u>	<u>945,111</u>	<u>59,121</u>	6.26 %
Total	<u>\$ 8,784,439</u>	<u>\$ 7,890,605</u>	<u>\$ 893,834</u>	11.33 %
<u>Expenditures</u>				
Instruction	\$ 4,629,200	\$ 4,592,776	\$ 36,424	0.79 %
Support services	3,722,956	3,026,442	696,514	23.01 %
Non-instructional services	30,922	35,852	(4,930)	(13.75) %
Extracurricular activities	277,743	257,731	20,012	7.76 %
Facilities acquisition and construction	39,348	784	38,564	4,918.88 %
Debt service	<u>16,769</u>	<u>15,581</u>	<u>1,188</u>	7.62 %
Total	<u>\$ 8,716,938</u>	<u>\$ 7,929,166</u>	<u>\$ 787,772</u>	9.94 %

Debt Service Fund

The debt service fund had \$915,260 in revenues and other financing sources and \$952,141 in expenditures. During fiscal year 2009, the debt service fund's fund balance decreased \$36,881 from \$960,940 to \$924,059.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,087,689 and final budgeted revenues and other financing sources were \$8,807,507. Actual revenues and other financing sources for fiscal year 2009 was \$8,816,149. This represents an \$8,642 increase over final budgeted revenues.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$8,633,445, which were increased to \$9,143,933 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$8,830,633, which was \$313,300 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$16,621,544 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2009 balances compared to June 30, 2008:

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

	Governmental Activities	
	2009	2008
Land	\$ 204,654	\$ 204,654
Land improvements	178,012	181,211
Building and improvements	15,208,694	15,447,182
Furniture and equipment	449,537	484,177
Vehicles	580,647	324,827
Construction in progress	-	47,266
Total	<u>\$ 16,621,544</u>	<u>\$ 16,689,317</u>

The overall decrease in capital assets of \$67,773 is due to depreciation expense of \$466,865 exceeding capital outlay of \$399,092 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, 2009, the District had \$13,773,091 in general obligation bonds, \$129,115 in water line project payable, and \$30,430 in a lease purchase agreement outstanding. Of this total, \$405,474 is due within one year and \$13,527,162 is due in greater than one year.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The following table summarizes the bonds, capital lease obligations, and water line project payable outstanding.

	Outstanding Debt, at Year End	
	Governmental Activities	Governmental Activities
	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 13,773,091	\$ 14,025,713
Bus garage loans	-	5,537
Water line project payable	129,115	38,241
Lease purchase agreement	<u>30,430</u>	<u>59,592</u>
Total	<u>\$ 13,932,636</u>	<u>\$ 14,129,083</u>

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

Current Financial Related Activities

The District is proud that it has been able to maintain the advantages which come from living in a positive and caring rural environment. Those advantages include strong educational programming, reasonable class sizes and well qualified teachers. Our programs have traditionally placed at or near the top of county rankings on the district report cards. Test scores continue to improve, and the District as a whole was recognized in 2007-2008 and 2008-2009 as 'an excellent district'. 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 opened in September 2006. Notes and bonds for the new building were issued during fiscal year 2004 and refunded in fiscal year 2008, which account for most of the outstanding debt referred to in this report. The District participates in the Ohio School Facilities Commission (OSFC) program and looks forward to the day when State matching funds will be available to add new high school facilities to the pre-kindergarten through eighth grade building.

Like most other Ohio school districts, and as mentioned on page 9 of this discussion, the District has suffered as a result of reductions in State funding. In addition, the District is heavily dependent on business and inventory taxes, a revenue stream that will be phased out within the foreseeable future. More than ten teaching positions and three administrative positions were eliminated at the end of fiscal year 2003 and other expenses were reduced as far as possible to allow the District to operate with receipts exceeding expenditures for the fiscal year 2006 and 2007. A 1.25% tax on all income passed on the February 2007 ballot to generate the needed operating funds. These funds did not begin collections until 2008 leaving the District to operate with expenditures exceeding receipts in the General Fund for fiscal year 2008. Full collections are being realized in 2009 and the District was able to once again operate with receipts exceeding expenditures in the General Fund for fiscal year 2009. 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.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

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.

Contacting the District's Financial Management

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

THIS PAGE INTENTIONALLY LEFT BLANK

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 2,029,945
Receivables:	
Property taxes	3,420,241
Income taxes	552,170
Accounts	26
Intergovernmental	106,623
Accrued interest	2,052
Prepayments	12,618
Materials and supplies inventory	14,751
Unamortized bond issue costs	154,857
Capital assets:	
Land	204,654
Depreciable capital assets, net	16,416,890
Capital assets, net.	16,621,544
 Total assets.	 22,914,827
 Liabilities:	
Accounts payable.	3,279
Accrued wages and benefits	839,929
Compensated absences payable	35,477
Pension obligation payable.	174,793
Intergovernmental payable	75,017
Unearned revenue	2,175,324
Accrued interest payable	237,957
Long-term liabilities:	
Due within one year.	438,497
Due in more than one year	14,258,915
 Total liabilities	 18,239,188
 Net assets:	
Invested in capital assets, net of related debt.	3,057,648
Restricted for:	
Capital projects	464,646
Debt service.	721,414
Locally funded programs.	3,405
State funded programs.	2,318
Federally funded programs	6,417
Student activities	44,848
Public school support	9,118
Other purposes	25,438
Unrestricted	340,387
 Total net assets	 \$ 4,675,639

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, 2009**

	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	\$ 4,165,058	\$ 773,311	\$ 4,708	\$ -	\$ (3,387,039)
Special	1,133,220	177,913	446,804	-	(508,503)
Vocational	24,625	-	2,174	-	(22,451)
Other	5,115	-	-	-	(5,115)
Support services:					
Pupil.	473,829	-	40,382	-	(433,447)
Instructional staff	289,070	-	15,488	-	(273,582)
Board of education	24,805	-	-	-	(24,805)
Administration.	572,158	-	7,696	-	(564,462)
Fiscal.	391,721	-	-	-	(391,721)
Business.	52	-	-	-	(52)
Operations and maintenance	1,145,186	2,425	-	-	(1,142,761)
Pupil transportation.	675,472	29,355	-	15,062	(631,055)
Central	61,581	-	5,000	-	(56,581)
Operation of non-instructional services:					
Other non-instructional services	30,922	-	-	-	(30,922)
Food service operations	402,660	231,647	100,578	-	(70,435)
Extracurricular activities.	391,842	89,833	2,742	-	(299,267)
Interest and fiscal charges	653,348	-	-	-	(653,348)
Total governmental activities	\$ 10,440,664	\$ 1,304,484	\$ 625,572	\$ 15,062	\$ (8,495,546)

General revenues:

Property taxes levied for:

General purposes	2,427,529
Debt service.	637,022
School district income tax.	1,331,020
Grants and entitlements not restricted to specific programs.	3,927,500
Investment earnings	45,267
Miscellaneous	24,757
Total general revenues.	8,393,095

Change in net assets (102,451)

Net assets at beginning of year. 4,778,090

Net assets at end of year \$ 4,675,639

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 713,304	\$ 683,612	\$ 607,591	\$ 2,004,507
Receivables:				
Property taxes	2,725,929	694,312	-	3,420,241
Income taxes	552,170	-	-	552,170
Accounts	20	-	6	26
Intergovernmental	11,178	-	95,445	106,623
Accrued interest	2,052	-	-	2,052
Loans to other funds	618	-	-	618
Interfund loans receivable	30,032	-	-	30,032
Prepayments	12,618	-	-	12,618
Materials and supplies inventory	13,349	-	1,402	14,751
Restricted assets:				
Equity in pooled cash and cash equivalents	25,438	-	-	25,438
Total assets	\$ 4,086,708	\$ 1,377,924	\$ 704,444	\$ 6,169,076
Liabilities:				
Accounts payable	\$ 3,202	\$ -	\$ 77	\$ 3,279
Accrued wages and benefits	776,313	-	63,616	839,929
Compensated absences payable	-	-	35,477	35,477
Pension obligation payable.	152,737	-	22,056	174,793
Intergovernmental payable.	72,025	-	2,992	75,017
Loans from other funds	-	-	618	618
Interfund loan payable	-	-	30,032	30,032
Deferred revenue.	115,952	35,312	20,796	172,060
Unearned revenue	1,756,771	418,553	-	2,175,324
Total liabilities	2,877,000	453,865	175,664	3,506,529
Fund balances:				
Reserved for encumbrances	39,291	-	22,031	61,322
Reserved for materials and supplies inventory.	13,349	-	1,402	14,751
Reserved for prepayments	12,618	-	-	12,618
Reserved for property tax unavailable for appropriation	853,206	240,447	-	1,093,653
Reserved for internal loans	618	-	-	618
Reserved for textbooks.	25,438	-	-	25,438
Reserved for debt service.	-	683,612	-	683,612
Unreserved:				
Designated for termination benefits.	-	-	44,528	44,528
Undesignated, reported in:				
General fund	265,188	-	-	265,188
Special revenue funds	-	-	12,064	12,064
Capital projects funds	-	-	448,755	448,755
Total fund balances	1,209,708	924,059	528,780	2,662,547
Total liabilities and fund balances	\$ 4,086,708	\$ 1,377,924	\$ 704,444	\$ 6,169,076

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, 2009**

Total governmental fund balances		\$ 2,662,547
<i>Amounts reported for governmental activities on 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.		16,621,544
Other long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 151,264	
Intergovernmental receivable	<u>20,796</u>	
Total		172,060
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(237,957)
Unamortized bond issuance costs are not recognized in the funds governmental activities on the statement of net assets.		154,857
Unamortized premiums on bond issuance are not recognized in the funds.		(697,720)
Unamortized deferred charges on refundings are not recognized in the funds.		384,254
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(451,310)	
Loans payable	(129,115)	
Lease purchase agreement	(30,430)	
General obligation bonds payable	<u>(13,773,091)</u>	
Total		<u>(14,383,946)</u>
Net assets of governmental activities		<u><u>\$ 4,675,639</u></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, 2009**

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 2,437,321	\$ 637,125	\$ -	\$ 3,074,446
Income taxes	1,331,020	-	-	1,331,020
Tuition	865,720	-	-	865,720
Transportation fees	29,355	-	-	29,355
Charges for services	-	-	231,647	231,647
Earnings on investments	44,300	-	1,087	45,387
Extracurricular	-	-	89,833	89,833
Classroom materials and fees	61,794	-	1,315	63,109
Rental income	1,110	-	-	1,110
Contributions and donations	2,615	-	5,370	7,985
Services provided to other entities	20,693	-	-	20,693
Other local revenues	22,945	2,214	2,080	27,239
Intergovernmental - intermediate	14,139	-	-	14,139
Intergovernmental - state	3,934,890	270,457	19,125	4,224,472
Intergovernmental - federal	18,537	-	421,770	440,307
Total revenues	8,784,439	909,796	772,227	10,466,462
Expenditures:				
Current:				
Instruction:				
Regular	3,773,551	-	28,154	3,801,705
Special	832,292	-	281,168	1,113,460
Vocational	18,242	-	-	18,242
Other	5,115	-	-	5,115
Support services:				
Pupil	430,474	-	39,627	470,101
Instructional staff	258,388	-	15,416	273,804
Board of education	24,469	-	-	24,469
Administration	562,799	-	7,560	570,359
Fiscal	369,015	24,043	-	393,058
Business	52	-	-	52
Operations and maintenance	1,104,196	-	17,479	1,121,675
Pupil transportation	916,982	-	1,209	918,191
Central	56,581	-	5,000	61,581
Operation of non-instructional services:				
Food service operations	-	-	363,070	363,070
Other non-instructional services	30,922	-	-	30,922
Extracurricular activities	277,743	-	100,487	378,230
Facilities acquisition and construction	39,348	-	103,919	143,267
Debt service:				
Principal retirement	9,453	400,537	29,162	439,152
Interest and fiscal charges	7,316	527,561	2,254	537,131
Total expenditures	8,716,938	952,141	994,505	10,663,584
Excess (deficiency) of revenues over (under) expenditures	67,501	(42,345)	(222,278)	(197,122)
Other financing sources (uses):				
Sale of capital assets	1,582	-	160	1,742
Waterline loan proceeds	100,327	-	-	100,327
Transfers in	-	5,464	221,000	226,464
Transfers (out)	(226,464)	-	-	(226,464)
Total other financing sources (uses)	(124,555)	5,464	221,160	102,069
Net change in fund balances	(57,054)	(36,881)	(1,118)	(95,053)
Fund balances at beginning of year	1,266,762	960,940	529,898	2,757,600
Fund balances at end of year	\$ 1,209,708	\$ 924,059	\$ 528,780	\$ 2,662,547

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, 2009**

Net change in fund balances - total governmental funds \$ (95,053)

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 depreciation expense exceeds capital outlay in the current period.

Capital asset additions	\$	399,092	
Current year depreciation		<u>(466,865)</u>	
Total			(67,773)

Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.	439,152
--	---------

The issuance of a waterline loan is recorded as an other financing source in the governmental funds; however, the proceeds increase long-term liabilities on the statement of net assets.	(100,327)
---	-----------

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:

Decrease in accrued interest payable		6,763	
Accreted interest on "capital appreciation bonds"		(142,378)	
Amortization of bond issuance costs		(7,255)	
Amortization of bond premiums		44,086	
Amortization of deferred charges on refundings		<u>(17,433)</u>	
Total			(116,217)

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

Property taxes		(9,895)	
Intergovernmental		<u>(118,354)</u>	
Total			(128,249)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(33,984)</u>
--	-----------------

Change in net assets of governmental activities \$ (102,451)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 2,396,451	\$ 2,609,977	\$ 2,609,975	\$ (2)
Income taxes	950,678	1,035,384	1,048,668	13,284
Tuition	794,895	865,720	865,720	-
Transportation	26,953	29,355	29,355	-
Earnings on investments	39,868	43,420	43,420	-
Classroom materials and fees	61,823	67,331	62,173	(5,158)
Rental income	1,019	1,110	1,110	-
Contributions and donations	2,401	2,615	2,615	-
Services provided to other entities	8,737	9,515	9,515	-
Other local revenues	21,068	22,945	22,945	-
Intergovernmental - Intermediate	12,956	14,110	14,139	29
Intergovernmental - State	3,744,857	4,078,525	4,079,014	489
Intergovernmental - Federal	17,020	18,537	18,537	-
Total revenues	<u>8,078,726</u>	<u>8,798,544</u>	<u>8,807,186</u>	<u>8,642</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,637,502	3,859,196	3,792,622	66,574
Special	795,113	843,573	805,730	37,843
Vocational	37,891	40,200	18,242	21,958
Other	9,138	9,695	5,115	4,580
Support services:				
Pupil	410,926	435,971	431,823	4,148
Instructional staff	251,621	266,957	256,327	10,630
Board of education	47,172	50,047	22,703	27,344
Administration	548,135	581,542	573,515	8,027
Fiscal	325,804	345,661	339,507	6,154
Business	94	100	52	48
Operations and maintenance	988,181	1,048,407	1,000,062	48,345
Pupil transportation	912,557	968,174	901,454	66,720
Central	55,703	59,098	56,581	2,517
Operation of non-instructional	28,749	30,501	30,428	73
Extracurricular activities	267,749	284,067	277,525	6,542
Facilities acquisition and construction	59,623	63,257	62,451	806
Total expenditures	<u>8,375,958</u>	<u>8,886,446</u>	<u>8,574,137</u>	<u>312,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(297,232)</u>	<u>(87,902)</u>	<u>233,049</u>	<u>320,951</u>
Other financing sources (uses):				
Refund of prior year expenditure	7,381	7,381	7,381	-
Transfers (out)	(227,455)	(227,455)	(226,464)	991
Advances (out)	(30,032)	(30,032)	(30,032)	-
Sale of capital assets	1,582	1,582	1,582	-
Total other financing sources (uses)	<u>(248,524)</u>	<u>(248,524)</u>	<u>(247,533)</u>	<u>991</u>
Net change in fund balance	(545,756)	(336,426)	(14,484)	321,942
Fund balance at beginning of year	611,589	611,589	611,589	-
Prior year encumbrances appropriated	101,487	101,487	101,487	-
Fund balance at end of year	<u>\$ 167,320</u>	<u>\$ 376,650</u>	<u>\$ 698,592</u>	<u>\$ 321,942</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 2,323	\$ 145,340
Total assets.	2,323	\$ 145,340
Liabilities:		
Due to students	-	\$ 36,608
Retainage payable.	-	108,732
Total liabilities	-	\$ 145,340
Net assets:		
Held in trust for scholarships	2,323	
Total net assets	\$ 2,323	

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, 2009**

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 2,410
Total additions.	2,410
Deductions:	
Scholarships awarded	3,500
Total deductions.	3,500
Change in net assets	(1,090)
Net assets at beginning of year.	3,413
Net assets at end of year	\$ 2,323

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 495th largest by enrollment among the 922 public and community school districts in the State, and the 4th largest in Crawford County. It currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District employs 48 non-certified and 72 certified employees to provide services to 963 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 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". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

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

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

JOINT VENTURE WITHOUT EQUITY INTEREST

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

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2009, the District paid \$86,366 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

The District also participates in 2 insurance group purchasing pools, described in Note 11.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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; (b) food service operations; and (c) 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, 2009
(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 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, 2009
(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 Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

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

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

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

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, 2009, but which were levied to finance fiscal year 2010 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, 2009 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 in the governmental funds.

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds, except agency funds. The specific timetable for fiscal year 2009 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The 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 July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2009.
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, 2009
(Continued)**

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

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2009, 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 the State Treasury Asset Reserve of Ohio ("STAR Ohio") during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

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 2009 amounted to \$44,300, which includes \$29,532 assigned from other funds.

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

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

G. Inventory

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

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, 2009
(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 are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

I. Interfund Balances

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

J. Compensated Absences

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2009, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, 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, 2009
(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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes includes amounts restricted for textbook set-asides.

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

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized bond issuance costs are recorded as a separate line item on the statement of net assets.

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

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

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

P. Estimates

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

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

Q. 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 16.

R. 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 basic financial statements.

S. 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 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 44,879
Ohio reads	618
Title I	5,378

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 balance in the Title I fund resulted from adjustments for accrued liabilities. The deficit fund balances in the Ohio reads fund resulted from long-term interfund loans. The deficit fund balance in the food service fund resulted from both accrued liabilities and the reporting of short-term interfund loans as a liability rather than as an other financing source.

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$158,563. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$76,357 of the District's bank balance of \$326,357 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2009, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
STAR Ohio	\$ 2,019,045	\$ 2,019,045

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. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 2,019,045	100.00

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 158,563
Investments	<u>2,019,045</u>
Total	<u>\$ 2,177,608</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,029,945
Private-purpose trust funds	2,323
Agency funds	<u>145,340</u>
Total	<u>\$ 2,177,608</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Debt service	\$ 5,464
Nonmajor governmental funds	221,000

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, 2009 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, 2009 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, 2009
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- C. Interfund loans receivable/payable consisted of the following at June 30, 2009, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 30,032

The interfund loans were necessitated to cover costs in specific funds where revenues were not received by June 30. These interfund loans 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 are reported on the statement of net assets.

NOTE 6 - TAXES

A. Property Taxes

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

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 6 - TAXES - (Continued)

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$853,206 in the general fund and \$240,447 in the debt service fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$1,025,862 in the general fund and \$279,907 in the debt service fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 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.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 94,878,814	88.79	\$ 108,286,070	90.48
Public utility personal	4,495,440	4.21	3,706,260	3.10
Tangible personal property	<u>7,482,260</u>	<u>7.00</u>	<u>7,692,530</u>	<u>6.42</u>
Total	<u>\$ 106,856,514</u>	<u>100.00</u>	<u>\$ 119,684,860</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
General	\$46.00		\$46.00	
Debt service	6.50		6.50	

B. School District Income Taxes

In February 2007, the District passed a 1.25% continuing earned income only tax for general operations of the District. Employers and residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax collection began in January 2008. Income tax is credited to the general fund. During fiscal year 2009, the District received \$1,331,020 in income tax revenue.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:	
Property taxes	\$ 3,420,241
Income taxes	552,170
Accounts	26
Intergovernmental	106,623
Accrued interest	<u>2,052</u>
Total	<u>\$ 4,081,112</u>

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance <u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/09</u>
<i>Governmental activities:</i>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 204,654	\$ -	\$ -	\$ 204,654
Construction in progress	<u>47,266</u>	<u>19,354</u>	<u>(66,620)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>251,920</u>	<u>19,354</u>	<u>(66,620)</u>	<u>204,654</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	689,898	-	-	689,898
Buildings and improvements	17,699,827	110,119	-	17,809,946
Furniture and equipment	667,302	24,479	-	691,781
Vehicles	<u>841,990</u>	<u>311,760</u>	<u>(27,060)</u>	<u>1,126,690</u>
Total capital assets, being depreciated	<u>19,899,017</u>	<u>446,358</u>	<u>(27,060)</u>	<u>20,318,315</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(508,687)	(3,199)	-	(511,886)
Buildings and improvements	(2,252,645)	(348,607)	-	(2,601,252)
Furniture and equipment	(183,125)	(59,119)	-	(242,244)
Vehicles	<u>(517,163)</u>	<u>(55,940)</u>	<u>27,060</u>	<u>(546,043)</u>
Total accumulated depreciation	<u>(3,461,620)</u>	<u>(466,865)</u>	<u>27,060</u>	<u>(3,901,425)</u>
Governmental activities capital assets, net	<u>\$ 16,689,317</u>	<u>\$ (1,153)</u>	<u>\$ (66,620)</u>	<u>\$ 16,621,544</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 290,885
Special	18,503
Vocational	6,383
<u>Support services:</u>	
Pupil	4,445
Instructional staff	12,617
Board of education	336
Administration	8,314
Fiscal	336
Operations and maintenance	14,950
Pupil transportation	59,563
Extracurricular activities	13,612
Food service operations	<u>36,921</u>
Total depreciation expense	<u>\$ 466,865</u>

NOTE 9 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

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.

Capital assets consisting of buildings and improvements have been capitalized in the amount of \$131,140. 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 2009 totaled \$29,162 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, 2009:

<u>Fiscal Year Ending June 30.</u>	<u>Amount</u>
2010	<u>\$ 30,633</u>
Total minimum lease payments	30,633
Less: amount representing interest	<u>(203)</u>
Total	<u>\$ 30,430</u>

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	Interest Rate	Balance Outstanding 06/30/08	Additions	Reductions	Balance Outstanding 06/30/09	Amounts Due in One Year
Governmental activities:						
<u>General obligation bonds:</u>						
Series 2004 Issue:						
Current interest bonds	2%-5%	\$ 3,650,000	\$ -	\$ (345,000)	\$ 3,305,000	\$ 355,000
Capital appreciation bonds	12.18%	560,000	-	-	560,000	-
Accreted interest		406,513	120,960	-	527,473	-
Series 2007 Issue:						
School improvements bonds	4%-5%	9,195,000	-	(50,000)	9,145,000	10,000
Capital appreciation bonds	9.742%	210,000	-	-	210,000	-
Accreted interest		4,200	21,418	-	25,618	-
Total general obligation bonds payable		<u>\$ 14,025,713</u>	<u>\$ 142,378</u>	<u>\$ (395,000)</u>	<u>\$ 13,773,091</u>	<u>\$ 365,000</u>
<u>Other long-term obligations:</u>						
Bus garage loan payable		\$ 5,537	\$ -	\$ (5,537)	\$ -	\$ -
Water line project payable		38,241	100,327	(9,453)	129,115	10,044
Lease purchase agreement		59,592	-	(29,162)	30,430	30,430
Compensated absences		417,326	72,742	(38,758)	451,310	33,023
Total other long-term obligations		<u>\$ 520,696</u>	<u>\$ 173,069</u>	<u>\$ (82,910)</u>	<u>\$ 610,855</u>	<u>\$ 73,497</u>
Total governmental activities		<u>14,546,409</u>	<u>\$ 315,447</u>	<u>\$ (477,910)</u>	<u>14,383,946</u>	<u>\$ 438,497</u>
Add: Unamortized premium on bond issue		741,806			697,720	
Add: Unamortized deferred charges on bond issue		<u>(401,687)</u>			<u>(384,254)</u>	
Total on statement of net assets		<u>\$ 14,886,528</u>			<u>\$ 14,697,412</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 year 2009, the District agreed to pay an additional \$100,327 until fiscal year 2019. During fiscal year 2009, the District made \$9,453 in principal payments and \$7,316 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, 2009 reported on the statement of net assets is \$129,115. This amount is not included in the calculation for "invested in capital assets, net of related debt" because the capital assets associated with this project are not included in the District' capital assets.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- D. Bus Garage Loan - The District entered into a bus garage lease purchase agreement on September 10, 1998. Interest on this loan is a variable rate calculated at 75% of the Prime Rate in effect as of the first day of each month. During fiscal year 2009, the District made \$5,537 in principal payments and \$23 in interest payments on this obligation. Principal and interest payments are reported in the District's debt service fund. This loan was retired during fiscal year 2009.
- E. During fiscal year 2004, the District issued \$14,500,000 in general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund.

The original issue was comprised of both current interest bonds, par value \$13,940,000, and capital appreciation bonds, par value \$560,000. On November 1, 2007, the District refunded \$9,080,000 of the current interest bonds (See Note 10.F for detail). The interest rates on the remaining current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds mature on January 15, 2012 (actual interest rate 12.80%), January 15, 2013 (actual interest rate 12.42%), January 15, 2014 (actual interest rate 12.40%) and January 15, 2015 (actual interest rate 12.36%), at redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,745,000. A total of \$527,473 in accreted interest on the capital appreciation bonds has been included in the Statement of Net Assets at June 30, 2009.

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, 2020.

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

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 355,000	\$ 131,824	\$ 486,824	\$ -	\$ -	\$ -
2011	410,000	120,996	530,996	-	-	-
2012	-	107,261	107,261	155,000	260,000	415,000
2013	-	107,261	107,261	140,000	270,000	410,000
2014	-	107,261	107,261	140,000	320,000	460,000
2015 - 2019	1,985,000	418,790	2,403,790	125,000	335,000	460,000
2020	555,000	24,282	579,282	-	-	-
Total	<u>\$ 3,305,000</u>	<u>\$ 1,017,675</u>	<u>\$ 4,322,675</u>	<u>\$ 560,000</u>	<u>\$ 1,185,000</u>	<u>\$ 1,745,000</u>

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The bond issue is comprised of both current interest bonds, par value \$9,305,000, and capital appreciation bonds, par value \$210,000. The interest rates on the current interest bonds range from 4.0% to 5.00%. The capital appreciation bonds mature on January 15, 2031 and January 15, 2032, (actual interest rate 9.742%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,000,000. Total accreted interest of \$25,618 has been included in the Statement of Net Assets.

Interest payments of the current interest bonds are due on January 15 and July 15 of each year. The final maturity date stated on the issue is December 1, 2032.

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

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

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 10,000	\$ 384,227	\$ 394,227	\$ -	\$ -	\$ -
2011	10,000	383,826	393,826	-	-	-
2012	20,000	383,427	403,427	-	-	-
2013	35,000	382,627	417,627	-	-	-
2014	35,000	381,227	416,227	-	-	-
2015 - 2019	465,000	1,869,939	2,334,939	-	-	-
2020 - 2024	3,140,000	1,597,488	4,737,488	-	-	-
2025 - 2029	4,430,000	800,229	5,230,229	-	-	-
2030 - 2032	1,000,000	43,000	1,043,000	210,000	1,790,000	2,000,000
Total	<u>\$ 9,145,000</u>	<u>\$ 6,225,990</u>	<u>\$ 15,370,990</u>	<u>\$ 210,000</u>	<u>\$ 1,790,000</u>	<u>\$ 2,000,000</u>

G. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$11,000,754 (including available funds of \$924,059) and an unvoted debt margin of \$111,963.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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 - 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 \$500 collision deductible for autos and \$1,000 for buses, a \$250 comprehensive deductible for autos and \$1,000 for buses, 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 2008.

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 13. As such, no funding provisions are required by the District.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

For fiscal year 2009, 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. 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 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$100,677, \$88,845 and \$89,561, respectively; 50.16 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

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

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$471,978, \$450,954 and \$438,617, respectively; 84.08 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$583 made by the District and \$15,590 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$60,846, \$54,581 and \$44,479, respectively; 50.16 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$8,307, \$6,401 and \$6,090, respectively; 50.16 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$36,306, \$34,869 and \$33,740, respectively; 84.08 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**COLONEL CRAWFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 14 - 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	\$ (14,484)
Net adjustment for revenue accruals	(22,750)
Net adjustment for expenditure accruals	(182,948)
Net adjustment for other sources/uses	122,978
Adjustment for encumbrances	<u>40,150</u>
GAAP basis	<u>\$ (57,054)</u>

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2009.

B. Litigation

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, 2009
(Continued)**

NOTE 16 - 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, 2009, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2008	\$ 104,433	\$ -
Current year set-aside requirement	150,315	150,315
Current year offsets	-	(616,000)
Qualifying disbursements	<u>(229,310)</u>	<u>(598,742)</u>
 Total	 <u>\$ 25,438</u>	 <u>\$ (1,064,427)</u>
Balance carried forward to fiscal year 2010	<u>\$ 25,438</u>	<u>\$ -</u>
 A schedule of the restricted assets at June 30, 2009 follows:		
Amounts restricted for textbooks	<u>\$ 25,438</u>	
Total restricted assets	<u>\$ 25,438</u>	

The District had qualifying expenditures and offsets during the year that reduced the capital acquisition set-aside amount below zero.



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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 16, 2010. 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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.

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

February 16, 2010



Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Colonel Crawford Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on July 23, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A procedure for documenting any prohibited incident that is reported;
 - (6) A procedure for responding to and investigating any reported incident;
 - (7) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

- (8) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
 - (9) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.
3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
- (1) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Mary Taylor, CPA
Auditor of State

February 16, 2010



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
MARCH 16, 2010