

CRAWFORD CENTRAL SCHOOL DISTRICT

SINGLE AUDIT REPORT

JUNE 30, 2013

CRAWFORD CENTRAL SCHOOL DISTRICT
SINGLE AUDIT REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2013

	Page
Independent Auditors' Report	3-5
Management Discussion and Analysis	6-13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16-17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Statement of Net Position - Fiduciary Funds	26
Statement of Changes in Net Position - Fiduciary Funds	27
Notes to Financial Statements	28-48
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	49
Combining Schedule - Agency Fund Activity Funds	50
Combining Schedule of Trust Funds	51
Single Audit/Grants Compliance Schedules	
Independent Auditors' Reports	52-56
Schedule of Expenditures of Federal Awards	58-61
Schedule of Expenditures of Federal Awards Footnotes and Other Information	62
Schedule of Findings and Questioned Costs	63
Summary Schedule of Prior Audit Findings	64
Corrective Action Plan	65
List of Report Distribution	66



FELIX & GLOEKLER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2306 Peninsula Drive • Erie, Pennsylvania 16506

Independent Auditors' Report

To the Members of the Board
Crawford Central School District
Meadville, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditors' Report
(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crawford Central School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of revenue, expenditures, and changes in fund balance – budget and actual and the combining schedules are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

Independent Auditors' Report
(Continued)

The schedule of expenditures of federal awards, the combining schedules and schedule of revenue, expenditures, and changes in fund balance – budget and actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the combining schedules and the schedule of revenue, expenditures, and changes in fund balance-budget and actual are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated , October 15, 2013 on our consideration of the Crawford Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crawford Central School District's internal control over financial reporting and compliance.

Felix and Gloekler, P.C.

Felix and Gloekler, P.C.

October 15, 2013
Erie, Pennsylvania

CRAWFORD CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis For the Year Ended June 30, 2013

The discussion and analysis of Crawford Central School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The District's total net position is \$17,681,209. Net position was \$16,626,535 and \$1,054,674 for Governmental Activities and Business-Type Activities respectively.
- The District has maintained a very stable fund balance over the past five years. Act 48 of 2003 restricts the District's unassigned fund balance to 8% of budgeted expenditures. The District's unassigned fund balance for the year will equal 7.4% of 2013-2014 budgeted expenditures.
- Total governmental fund revenues were \$56,950,566 million. Of this amount 44.07% was local funding, 43.92% was state funding, and 12.01 % was federal funding.
- The District's Food Service Fund had a decrease in net position for the year in the amount of \$7,117. Net Position on June 30, 2013 is \$1,054,674.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities including deferred outflows of resources and deferred inflows of resources, is one way to measure the District's financial health or position.

CRAWFORD CENTRAL SCHOOL DISTRICT
Management Discussion and Analysis
For the Year Ended June 30, 2013
(Continued)

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the District's basic services are reported here including instruction, support services, operation and maintenance of plant services, pupil transportation, and extracurricular activities. Property taxes, state and federal subsidies, and grants finance most of these activities.
- **Business-Type Activities** - The District's food service operations where the District charges fees to staff, students, and visitors to support the activities.

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds, not the District as a whole.

Governmental Funds – Most of the District's activities are reported here, which focuses on how money flows into and out of those funds and the change in financial position, which typically is money available to spend in the next fiscal year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer resources that can be spent in the near future to finance the District's operations. 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 financial statements.

Proprietary Funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flow.

Fiduciary Funds – The District is the trustee, or fiduciary, for scholarship and agency funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

CRAWFORD CENTRAL SCHOOL DISTRICT
Management Discussion and Analysis
For the Year Ended June 30, 2013
(Continued)

Financial Analysis of the District as a Whole

Table 1 shows that the District's total net position of \$17,681,209 at June 30, 2013.

Table 1
Fiscal Year End June 30
Net Position

	2012			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 18,972,835	\$ 563,561	\$19,536,396	\$ 19,328,119	\$ 652,309	\$19,980,428
Capital Assets, Net	61,371,190	518,977	61,890,167	59,241,867	438,671	59,680,538
Deferred outflows of resources	1,975,134	-	1,975,134	1,056,062	-	1,056,062
Total Assets and Deferred Outflows	\$ 82,319,159	\$ 1,082,538	\$83,401,697	\$ 79,626,048	\$ 1,090,980	\$80,717,028
Current Liabilities	\$ 11,026,475	\$ 20,747	\$11,047,222	\$ 10,397,778	\$ 36,306	\$10,434,084
Noncurrent Liabilities	54,136,702	-	54,136,702	52,601,735	-	52,601,735
Total Liabilities	65,163,177	20,747	65,183,924	62,999,513	36,306	63,035,819
Restricted for capital projects	2,833,131	-	2,833,131	1,818,819	-	1,818,819
Investment In Capital Assets	3,918,089	518,977	4,437,066	5,131,697	438,671	5,570,368
Unrestricted	10,404,762	542,814	10,947,576	9,676,019	616,003	10,292,022
Total Net Position	17,155,982	1,061,791	18,217,773	16,626,535	1,054,674	17,681,209
Total Liabilities and Net Assets	\$ 82,319,159	\$ 1,082,538	\$83,401,697	\$ 79,626,048	\$ 1,090,980	\$80,717,028

CRAWFORD CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

For the Year Ended June 30, 2013

(Continued)

The results of this year's operation are reported in more detail on the Statements of Activities. All of the expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are deducted to show the true costs supported by other general revenues.

The following table takes a look at the Districts revenues and expenses for the year. The District had a decrease in net position of \$(536,564) for the year ending June 30, 2013.

Table 2
Fiscal Year End June 30
Changes in Net Position

	2012			2013		
	Governmental Activities	Business-type Activities	Total District	Governmental Activities	Business-type Activities	Total District
Program Revenues						
Charges for services	\$ 266,405	\$ 532,484	\$ 798,889	\$ 298,098	\$ 442,758	\$ 740,856
Operating Grants & Contributions	32,197,685	1,179,438	33,377,123	32,868,621	1,219,877	34,088,498
Capital Grants & Contributions	764,280	-	764,280	-	-	-
General Revenues						
Property Taxes	20,456,363	-	20,456,363	20,436,053	-	20,436,053
Other Taxes	2,693,713	-	2,693,713	2,997,935	-	2,997,935
Other	154,340	170	154,510	710,681	263	710,944
Total Revenues	56,532,786	1,712,092	58,244,878	57,311,388	1,662,898	58,974,286
Expenses						
Instruction	32,487,289	-	32,487,289	32,415,747	-	32,415,747
Instruction Student Support						
Support Staff	7,763,444	-	7,763,444	8,532,223	-	8,532,223
Administration & Business	4,029,094	-	4,029,094	3,996,164	-	3,996,164
Oper & Maint of Plant Services	3,920,574	-	3,920,574	3,763,782	-	3,763,782
Student Transportation	3,498,042	-	3,498,042	3,924,751	-	3,924,751
Non-Instructional services	4,319,404	-	4,319,404	5,208,168	-	5,208,168
Food Service	-	1,748,893	1,748,893	-	1,670,015	1,670,015
Total Expenses	56,017,847	1,748,893	57,766,740	57,840,835	1,670,015	59,510,850
Increase/(Decrease) before transfers	514,939	(36,801)	478,138	(529,447)	(7,117)	(536,564)
Transfers	(107,944)	107,944	-	-	-	-
Increase/(Decrease) In Net Position						
Before Special Items	406,995	71,143	478,138	(529,447)	(7,117)	(536,564)
Special Item - Impairment Loss	(3,904,286)	-	(3,904,286)	-	-	-
Increase/(Decrease) In Net Position	\$ (3,497,291)	\$ 71,143	\$ (3,426,148)	\$ (529,447)	\$ (7,117)	\$ (536,564)

CRAWFORD CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

For the Year Ended June 30, 2013

(Continued)

The next two tables show the expenses for both the Governmental Activities and the Business-type Activities of the District.

Table 3 shows the District's eight largest functions – instruction, instructional student support, administrative & business, plant services, student transportation, student activities, community services, and Interest on Long-term debt as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by unrestricted grants & subsidies to show the remaining financial needs. Local taxes and other miscellaneous revenues support this remaining financial need.

Table 3
Fiscal year End June 30
Governmental Activities

	2012		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Instruction	\$ 32,487,289	\$ 9,955,803	\$ 32,415,747	\$ 9,691,300
Instruction Student Support				
Support Staff	7,763,444	1,765,443	8,532,223	1,839,851
Administration & Business	4,029,094	3,909,924	3,996,164	3,847,902
Oper & Maint of Plant Services	3,920,574	1,369,230	3,763,782	2,165,399
Student Transportation	3,498,042	1,648,626	3,924,751	2,088,194
Non-Instructional services				
Student Activities	909,588	730,635	862,771	696,073
Community Services	207,571	207,571	221,440	221,440
Interest on Long-Term Debt	3,202,245	3,202,245	4,123,957	4,123,957
Total Governmental Activities	56,017,847	22,789,477	57,840,835	24,674,116
Less:				
Unrestricted Grants & Subsidies		-		-
Total needs from local taxes and other revenues		<u>\$ 22,789,477</u>		<u>\$ 24,674,116</u>

CRAWFORD CENTRAL SCHOOL DISTRICT
Management Discussion and Analysis
For the Year Ended June 30, 2013
(Continued)

Table 4 reflects the activities of the Food Service program, which is the only Business-type activity of the District.

Table 4
Fiscal year End June 30
Business-Type Activities

	2012		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Service	\$ 1,748,893	\$ 36,971	\$ 1,670,015	\$ 7,380
Net Income/(Loss)		<u>\$ (36,971)</u>		<u>\$ (7,380)</u>

The Business-type activities, which accounts for our Food Service operation, reported a \$7,117 decrease in net position.

There are much more detailed reports of the Food Service Fund later in this document.

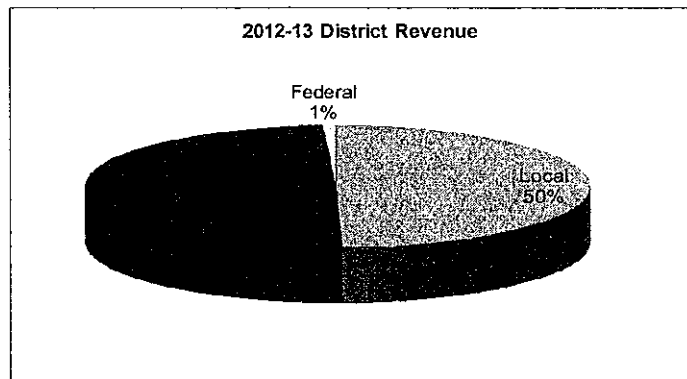
The District Funds

At June 30, 2013 the District's governmental funds reported a combined fund balance of \$11,482,352. The General Fund accounted for \$9,663,533 of the \$11,482,352. Of the \$9,663,533 in the General Fund \$500,000 was committed to future increases in pension expenditures and \$5,163,533 was assigned to capital projects.

General Fund Budget

During the fiscal year, the Board authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A schedule showing the District's original and final budgets compared with amounts actually paid and received is provided in the Fund Financial Statements.

The following chart shows the breakdown of the District's revenues.



CRAWFORD CENTRAL SCHOOL DISTRICT
Management Discussion and Analysis
For the Year Ended June 30, 2013
(Continued)

Capital Assets

At June 30, 2013, the District had \$59,680,538 invested in a broad range of capital assets, net of accumulated depreciation. This amount represents a net decrease (including additions, deletions, and depreciation) of \$(2,209,629) from the prior year. Table 5 shows the breakdown of these capital assets.

Table 5
June 30, 2013
Capital Assets

	Total
Land	\$ 311,788
Site Improvements	706,614
Buildings & Improvements	56,379,807
Furniture & Equipment	2,282,329
 Total Capital Assets	 \$ 59,680,538

Debt Administration

At June 30, 2013, the District's obligation for payment for outstanding bonds was \$53,275,000. This represents a net decrease (including payments and bond issuance) of \$2,640,000 from the prior year. Other obligations included accrued compensated absences for specific employees of the District.

Looking Forward

Crawford Central School District has continued to maintain its fiscal stability. However, there are several challenges on the horizon. The Employer's Pension Contribution Rate will increase an additional 4% in each of the next three fiscal years. The rate is expected to increase to over 27% for nearly twenty years. Medical Benefits continue to increase by at least 7-10% annually. Expenditures for payroll and benefits are increasing at a rate that total revenue will be unable to match. To maintain fiscal stability, the District has closed the East End Elementary School, and overall has reduced administrative, professional, and support staff. The reductions will provide the District an opportunity to maintain fiscal responsibility and stability within an ever challenging education environment.

CRAWFORD CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

For the Year Ended June 30, 2013

(Continued)

Contacting the District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Guy O'Neil, Business Manager/Board Secretary at Crawford Central School District, Instructional Support Center, 11280 Mercer Pike, Meadville, PA 16335.

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CRAWFORD CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 15,719,774	\$ 298,147	\$ 16,017,921
Investments	430	-	430
Internal balances	(59,692)	59,692	-
Taxes receivable, net	2,013,034	-	2,013,034
Intergovernmental receivables	1,639,881	149,155	1,789,036
Other receivables	-	4,845	4,845
Inventories	-	20,385	20,385
Prepaid expenses	14,692	120,085	134,777
Total Current Assets	19,328,119	652,309	19,980,428
Noncurrent Assets			
Land	311,788	-	311,788
Capital assets, net	58,930,079	438,671	59,368,750
Total Noncurrent Assets	59,241,867	438,671	59,680,538
Total Assets	78,569,986	1,090,980	79,660,966
Deferred Outflows of Resources			
Deferred charge on debt issuance	1,056,062	-	1,056,062
Liabilities			
Current Liabilities			
Accounts payable	707,658	36,306	743,964
Accrued salaries and benefits	5,030,921	-	5,030,921
Unearned revenue	94,154	-	94,154
Accrued interest payable	478,145	-	478,145
Bonds payable	3,301,900	-	3,301,900
Compensated absences	785,000	-	785,000
Total Current Liabilities	10,397,778	36,306	10,434,084
Noncurrent Liabilities			
Bonds payable	50,808,270	-	50,808,270
Compensated absences	538,150	-	538,150
Other post-employment benefits obligation	1,255,315	-	1,255,315
Total Noncurrent Liabilities	52,601,735	-	52,601,735
Total Liabilities	62,999,513	36,306	63,035,819
Net Position			
Restricted for capital projects	1,818,819	-	1,818,819
Investment in capital assets	6,187,759	438,671	6,626,430
Unrestricted	8,619,957	616,003	9,235,960
Total Net Position	\$ 16,626,535	\$ 1,054,674	\$ 17,681,209

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 32,415,747	\$ 173,766	\$ 22,550,681	\$ -
Pupil personnel	1,583,037	-	80,715	-
Instructional student support	6,250,372	-	6,497,491	-
Administration	2,907,813	-	148,262	-
Pupil health	698,814	-	114,166	-
Business	563,490	-	-	-
Operation and maintenance of plant services	3,763,782	16,230	1,582,153	-
Student transportation services	3,924,751	-	1,836,557	-
Central services	455,328	-	-	-
Other support services	69,533	-	-	-
Student activities	862,771	108,102	58,596	-
Community services	221,440	-	-	-
Interest on long-term debt	4,123,957	-	-	-
Total Governmental Activities	<u>57,840,835</u>	<u>298,098</u>	<u>32,868,621</u>	<u>-</u>
Business-Type Activities:				
Food service	<u>1,670,015</u>	<u>442,758</u>	<u>1,219,877</u>	<u>-</u>
Total	<u>\$ 59,510,850</u>	<u>\$ 740,856</u>	<u>\$ 34,088,498</u>	<u>\$ -</u>
General Revenues:				
Taxes				
Property taxes				
Per capita tax				
Realty transfer tax				
Earned income taxes				
Public utility realty				
Investment earnings				
Miscellaneous income				
Refund of prior year expenditure				
Total General Revenues				
Change In Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (9,691,300)	\$ -	\$ (9,691,300)
(1,502,322)	-	(1,502,322)
247,119	-	247,119
(2,759,551)	-	(2,759,551)
(584,648)	-	(584,648)
(563,490)	-	(563,490)
(2,165,399)	-	(2,165,399)
(2,088,194)	-	(2,088,194)
(455,328)	-	(455,328)
(69,533)	-	(69,533)
(696,073)	-	(696,073)
(221,440)	-	(221,440)
(4,123,957)	-	(4,123,957)
(24,674,116)	-	(24,674,116)
-	(7,380)	(7,380)
(24,674,116)	(7,380)	(24,681,496)
20,436,053	-	20,436,053
67,085	-	67,085
232,537	-	232,537
2,667,770	-	2,667,770
30,543	-	30,543
48,000	263	48,263
34,928	-	34,928
627,753	-	627,753
24,144,669	263	24,144,932
(529,447)	(7,117)	(536,564)
17,155,982	1,061,791	18,217,773
\$ 16,626,535	\$ 1,054,674	\$ 17,681,209

CRAWFORD CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2013

	General Fund	Capital Projects Fund	Federal Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,759,197	\$ 1,960,577	\$ -	\$ 15,719,774
Investments	430	-	-	430
Taxes receivable, net	2,013,034	-	-	2,013,034
Interfund receivable	443,348	15,054	-	458,402
Intergovernmental receivables	1,140,034	-	499,847	1,639,881
Prepaid expenses	14,692	-	-	14,692
Total Assets	\$ 17,370,735	\$ 1,975,631	\$ 499,847	\$ 19,846,213
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 550,639	\$ 156,812	\$ 206	\$ 707,657
Interfund payable	74,746	-	443,348	518,094
Accrued salaries and benefits	5,030,921	-	-	5,030,921
Unearned grant revenue	37,862	-	56,293	94,155
Total Liabilities	5,694,168	156,812	499,847	6,350,827
Deferred Inflows of Resources				
Unavailable revenue - property taxes	2,013,034	-	-	2,013,034
Fund Balances				
Nonspendable:				
Prepaid expenses	14,692	-	-	14,692
Committed to:				
Capital projects	-	1,818,819	-	1,818,819
Pension expenditures	500,000	-	-	500,000
Assigned to:				
Future building improvements	5,163,533	-	-	5,163,533
Unassigned	3,985,308	-	-	3,985,308
Total Fund Balances	9,663,533	1,818,819	-	11,482,352
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,370,735	\$ 1,975,631	\$ 499,847	\$ 19,846,213

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
June 30, 2013

Differences in amounts reported for governmental activities in the statement of net position:

Total Fund Balances - Governmental Funds		\$ 11,482,352
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds		59,241,867
Certain long-term assets are not available to pay current period expenditures and, therefore, are not deferred in the funds		
Deferred charges	\$ 1,056,062	
Unavailable revenue - property taxes	<u>2,013,034</u>	3,069,096
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable	(54,110,170)	
Accrued interest on bonds	(478,145)	
Compensated absences	<u>(1,323,150)</u>	(55,911,465)
Other post-employment benefits are reflected on the statement of net position, but are not considered a current expenditure for the fund statements		<u>(1,255,315)</u>
Total Net Position - Governmental Activities		<u><u>\$ 16,626,535</u></u>

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Federal Funds	Total Governmental Funds
Revenues				
Local sources	\$ 25,096,433	\$ 2,629	\$ -	\$ 25,099,062
State sources	25,010,198	-	-	25,010,198
Federal sources	448,895	-	6,392,411	6,841,306
Total Revenues	50,555,526	2,629	6,392,411	56,950,566
Expenditures				
Instruction	29,244,570	-	-	29,244,570
Support services	15,236,061	179,571	-	15,415,632
Noninstructional services	1,093,849	-	-	1,093,849
Capital outlay	-	1,016,941	-	1,016,941
Debt service	5,417,154	-	-	5,417,154
Total Expenditures	50,991,634	1,196,512	-	52,188,146
Excess (deficiency) of revenues over (under) expenditures	(436,108)	(1,193,883)	6,392,411	4,762,420
Other Financing Sources (Uses)				
Bond proceeds	-	11,365,000	-	11,365,000
Advance refunding bonds payable	-	(11,728,972)	-	(11,728,972)
Premium on bond issuance	-	543,543	-	543,543
Transfers in	2,202,941	1,492,514	-	3,695,455
Transfers out	-	(1,492,514)	(2,202,941)	(3,695,455)
Operating transfers to other LEAs	-	-	(4,189,470)	(4,189,470)
Other financing sources	27,359	-	-	27,359
Refund of prior year expenditures	627,753	-	-	627,753
Total Other Financing Sources (Uses)	2,858,053	179,571	(6,392,411)	(3,354,787)
Net Change in Fund Balances	2,421,945	(1,014,312)	-	1,407,633
Fund Balance, July 1, 2012	7,241,588	2,833,131	-	10,074,719
Fund Balance, June 30, 2013	\$ 9,663,533	\$ 1,818,819	\$ -	\$ 11,482,352

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of the Governmental Funds to the Statement
of Activities

For the Year Ended June 30, 2013

Total net change in fund balances - governmental funds	\$ 1,407,633	
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the statement of net position		1,076,142
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities		(3,205,464)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Unearned real estate taxes		(294,290)
Certain activities reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Amortization of deferred charges	\$ (1,098,643)	
Amortization of bond discount	(11,162)	
Amortization of bond premium	<u>68,967</u>	(1,040,838)
Bond proceeds are reported in governmental funds as revenues. However, in the statement of activities, the proceeds are recorded as a liability		
Bond proceeds	(11,365,000)	
Bond issuance costs	179,571	
Bond premium	<u>(543,543)</u>	(11,728,972)
Repayment of long-term debt is reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position. In current year, these amounts are:		
Bonds payments	14,005,000	
Change in compensated absences	<u>98,494</u>	14,103,494
Other post-employment benefits are reflected on the statement of net position, but are not considered a current expenditure for the fund statements		(905,159)
Revenues and other adjustments in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Change in accrued interest		<u>58,007</u>
Change in Net Position of Governmental Activities		<u><u>\$ (529,447)</u></u>

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Local sources	\$ 24,750,712	\$ 24,758,387	\$ 25,096,433	\$ 338,046
State sources	25,169,292	25,410,645	25,010,198	(400,447)
Federal sources	400,000	611,081	448,895	(162,186)
Total Revenues	<u>50,320,004</u>	<u>50,780,113</u>	<u>50,555,526</u>	<u>(224,587)</u>
Expenditures				
Instruction	29,413,197	29,564,206	29,244,570	319,636
Support services	15,568,377	16,284,343	15,236,061	1,048,282
Noninstructional services	1,226,112	1,243,312	1,093,849	149,463
Debt service	5,650,912	5,571,796	5,417,154	154,642
Total Expenditures	<u>51,858,598</u>	<u>52,663,657</u>	<u>50,991,634</u>	<u>1,672,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,538,594)</u>	<u>(1,883,544)</u>	<u>(436,108)</u>	<u>1,447,436</u>
Other Financing Sources (Uses)				
Transfers in	1,853,594	2,198,544	2,202,941	4,397
Transfers out	(15,000)	(15,000)	-	15,000
Other financing sources	-	-	27,359	27,359
Refund of prior year expenditures	-	-	627,753	627,753
Budgetary reserve	(300,000)	(300,000)	-	300,000
Total Other Financing Sources (Uses)	<u>1,538,594</u>	<u>1,883,544</u>	<u>2,858,053</u>	<u>974,509</u>
Net Change in Fund Balance	-	-	2,421,945	2,421,945
Fund Balance, July 1, 2012	<u>7,241,588</u>	<u>7,241,588</u>	<u>7,241,588</u>	-
Fund Balance, June 30, 2013	<u>\$ 7,241,588</u>	<u>\$ 7,241,588</u>	<u>\$ 9,663,533</u>	<u>\$ 2,421,945</u>

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2013

	Food Service
Assets	
Current Assets	
Cash and cash equivalents	\$ 298,147
Interfund receivables	59,692
Intergovernmental receivables	149,155
Other receivables	4,845
Prepaid expenses	120,085
Inventories	20,385
Total Current Assets	652,309
Noncurrent Assets	
Machinery and equipment, net	438,671
Total Noncurrent Assets	438,671
Total Assets	\$ 1,090,980
Liabilities	
Current Liabilities	
Accounts payable	\$ 27,550
Unearned revenue	8,756
Total Current Liabilities	36,306
Net Position	
Investment in capital assets	438,671
Unrestricted	616,003
Total Net Position	1,054,674
Total Liabilities and Net Position	\$ 1,090,980

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Food Service
Operating Revenues	
Charges for services	\$ 442,758
Total Operating Revenues	442,758
Operating Expenses	
Salaries	530,822
Employee benefits	168,821
Other purchased services	776,421
Purchased property services	30,842
Supplies	82,803
Depreciation	80,306
Total Operating Expenses	1,670,015
Operating Income/(Loss)	(1,227,257)
Nonoperating Revenues (Expenses)	
Donated commodities	92,144
State sources	106,705
Federal sources	1,021,028
Interest income	263
Total Nonoperating Revenues (Expenses)	1,220,140
Change in Net Position	(7,117)
Net Position, July 1, 2012	1,061,791
Net Position, June 30, 2013	\$ 1,054,674

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Food Service
Cash Flows From Operating Activities	
Cash received from users	\$ 441,288
Cash payments to employees for services	(687,112)
Cash payments to suppliers for goods and services	(819,700)
Net Cash (Used for) Operating Activities	(1,065,524)
Cash Flows From Non-Capital Financing Activities	
State sources	109,218
Federal sources	1,014,861
Net Cash Provided by Non-Capital Financing Activities	1,124,079
Cash Flows From Investing Activities	
Interest earned	263
Net Cash (Used for) Investing Activities	263
Net Change in Cash and Cash Equivalents	58,818
Cash and Cash Equivalents, Beginning of Year	239,329
Cash and Cash Equivalents, End of Year	\$ 298,147
Reconciliation of Operating Income to Net Cash	
(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (1,227,257)
Adjustments to Reconcile Operating Income (Loss)	
to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	80,306
Donated commodities	92,144
(Increase)/decrease in interfund receivables	12,531
(Increase)/decrease in other receivables	(2,443)
(Increase)/decrease in prepaid expenses	(25,513)
(Increase)/decrease in inventories	(10,851)
Increase/(decrease) in accounts payable	14,586
Increase/(decrease) in unearned revenues	973
	\$ (1,065,524)

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT

Statement of Net Position

Fiduciary Funds

June 30, 2013

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 241,049	\$ 114,272
Total Assets	<u>\$ 241,049</u>	<u>\$ 114,272</u>
Liabilities		
Due to student groups	\$ -	\$ 114,272
Total Liabilities	<u>-</u>	<u>114,272</u>
Net Position		
Held in trust for scholarships and other purposes	<u>241,049</u>	<u>-</u>
Total Net Position	<u>241,049</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 241,049</u>	<u>\$ 114,272</u>

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	<u>Trust Funds</u>
Additions	
Contributions	\$ 11,353
Investment income	<u>10,322</u>
Total Additions	<u>21,675</u>
Deductions	
Scholarships awarded	7,000
Other expenses	<u>10,099</u>
Total Deductions	<u>17,099</u>
Change in Net Position	4,576
Net Position, July 1, 2012	<u>236,473</u>
Net Position, June 30, 2013	<u><u>\$ 241,049</u></u>

The accompanying notes are an integral part of these financial statements.

CRAWFORD CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Crawford Central School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements, the District also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Government-wide and Fund Financial Statements

For financial reporting purposes, Crawford Central School District includes all funds that are controlled by or dependent on the School District. Control by or dependence on the School District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the School District, obligation of the School District to finance any deficits that may occur, or receipt of significant subsidies from the School District. As required by generally accepted accounting principles, the financial statement of the reporting entity includes those of the primary government (Crawford Central School District) and its blended component unit, the Crawford Central School District Foundation. The Foundation is reported as a private purpose trust in the financial statements. The Foundation does not issue its own financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for transfers from other funds and related investment earnings for capital outlays not accounted for in another fund.

Federal Funds account for the activity of a consortium of various School District federal programs.

Additionally, the School District reports the following other fund types:

Proprietary Funds account for a government's activities that are operated like private businesses, charging customers a fee in return for goods or services. Proprietary funds employ the *economic resources measurement focus* and *accrual basis of accounting*.

Trust Funds account for the activities of the government that are fiduciary in nature, except those reported as agency funds. The government acts as a trustee for resources that belong to others. Trust funds employ the *economic resources measurement focus* and *accrual basis of accounting*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are merely clearing accounts for assets held by a government as an agent for individuals, private organizations, or other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first then unrestricted resources as they are needed.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

An annual budget is adopted for the General Fund. The budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Project length financial plans are adopted for the capital projects funds.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, a proposed operating budget is submitted to the Operating Committee for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to June 30, the budget is legally adopted through passage of a resolution.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Management is authorized to transfer budgeted amounts within a specific budget object; any other transfers or revisions that alter the total expenditures of any fund must be approved by the Operating Committee.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed by other funds because effective budgetary control is alternatively achieved through direct authorization by the School Board or the expenditures are all fixed in nature.

G. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, as well as demand deposits, investments, and certificates of deposit included in pooled cash and non-pooled investments, with original maturities of three months or less.

Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the School is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

All investments are reported at fair value. Fair value is determined using selected basis as follows: securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2013. The inventory consisted of government donated commodities, which were valued at estimated fair market value, using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District maintains a \$1,500 threshold for additions to equipment, buildings and improvements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and construction in progress are not depreciated. The other capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	<u>Life - Years</u>
Site Improvements	10-30
Buildings and Improvements	25-40
Furniture and Equipment	5-20
Vehicles	10

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting on this category. It is deferred charges related to issuance of certain debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the government fund financial statements, a flow consumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The School District’s policy is to attempt to maintain estimated unassigned fund balance each year of no less than 4% and no more than 7% of budgeted expenditures.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School Board has by resolution authorized the business administrator to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, an additional action is essential to either remove or revise a commitment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expense

Program Revenues

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at year end.

Compensated Absences

The School District does not permit the carryover of unused vacation days. Accordingly, the financial statements do not contain any provision for unused vacation time.

Employees are allowed unlimited accumulation of unused sick days and upon retirement can elect to receive compensation as follows:

<u>Classification of Employees</u>	<u>Sick Pay Rate/Day</u>
Administration	\$ 90
Professional education	90
Support staff	50
Confidential secretaries	50
Food service managers	55

All sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The School District does not have a policy for custodial credit risk. As of June 30, 2013, \$16,513,113 of the School District's bank balance of \$16,777,203 was exposed to custodial credit risk.

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	<u>16,513,113</u>
	<u>\$16,513,113</u>

Reconciliation to Financial Statements

Insured amount	\$ 264,090
Uninsured amount	16,513,113
Plus: deposits in transit	22,330
Less: outstanding checks	<u>(1,108,069)</u>
Carrying amount of bank balances	15,691,464
Plus: pooled cash equivalents	326,246
Plus: petty cash	<u>212</u>
Total Cash and Cash Equivalents per Financial Statements	<u>\$16,017,921</u>

Investments

As of June 30, 2013, the School District had the following investments:

PA Local Government Investment Trust	\$ 79,778
PA School District Liquid Asset Fund	430
PA Treasurer's INVEST Program	<u>246,468</u>
	<u>\$ 326,676</u>

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The School District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The School District follows the Pennsylvania School Code's investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2013, the School's investments were rated as:

PA Local Government Investment Trust	AAA
PA School District Liquid Asset Fund	AAA
PA Treasurer's INVEST Program	AAA

Concentration of Risk

The School District places no limit on the amount the School District may invest in any one issuer. All of the School District's investments are in PA Local Government Investment Trust, PA School District Liquid Asset Fund, and PA Treasurer's INVEST Program.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The School District has no investment subject to custodial credit risk.

Reconciliation to Financial Statements

Total investments above	\$ 326,676
Less: deposits in investment pool considered cash equivalents	<u>(326,246)</u>
Total Investments per Financial Statements	<u>\$ 430</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The interfund receivables and payables as of June 30, 2013 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 15,054
Food Service Fund	General Fund	59,692
General Fund	Federal Funds	<u>443,348</u>
		<u>\$ 518,094</u>

The outstanding balance between funds results mainly from the time lag between the date that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

<u>Transfer In</u>	<u>Transfer Out</u>
	<u>Federal Funds</u>
General Fund	<u>\$ 2,202,941</u>

Transfers are used to move unrestricted revenues to finance various other programs and projects in another fund.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2013, the following amounts are due from other governmental units:

	<u>General Fund</u>	<u>Federal Funds</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal	\$ 712,993	\$ 499,847	\$ 141,073	\$1,353,913
State	198,353	-	8,082	206,435
Local	<u>228,688</u>	<u>-</u>	<u>-</u>	<u>228,688</u>
	<u>\$1,140,034</u>	<u>\$ 499,847</u>	<u>\$ 149,155</u>	<u>\$1,789,036</u>

NOTE 5 - AUTHORITY RENTALS

The School District has entered into a lease agreement dated June 25, 2012 with the Meadville Area Recreation Authority for the seasonal use of an indoor/outdoor swimming pool, tennis courts, athletic fields, nature trails, and ice skating rink. The term of the lease is until June 30, 2013. The amount paid during the fiscal year ended June 30, 2013 was \$206,000.

NOTE 6 - CAPITAL ASSETS

A summary of the changes in capital assets is as follows:

	Balance July 1, 2012	Additions	Adjustments/ (Deletions)	Balance June 30, 2013
Governmental activities				
Capital assets not depreciated:				
Land	\$ 311,788	\$ -	\$ -	\$ 311,788
Total Capital Assets not Depreciated	<u>\$ 311,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,788</u>
Capital assets depreciated:				
Buildings and improvements	\$81,266,160	\$ 890,469	\$ 1,188,668	\$ 83,345,297
Site improvements	2,352,326	-	-	2,352,326
Furniture and equipment	15,390,598	185,673	-	15,576,271
Total Assets Depreciated	<u>99,009,084</u>	<u>1,076,142</u>	<u>1,188,668</u>	<u>101,273,894</u>
Less: Accumulated depreciation				
Buildings and improvements	(24,540,687)	(2,424,803)	-	(26,965,490)
Site improvements	(1,567,464)	(78,248)	-	(1,645,712)
Furniture and equipment	(13,030,200)	(702,413)	-	(13,732,613)
Total Accumulated Depreciation	<u>(39,138,351)</u>	<u>(3,205,464)</u>	<u>-</u>	<u>(42,343,815)</u>
Total Capital Assets Depreciated, Net	<u>\$59,870,733</u>	<u>\$ (2,129,322)</u>	<u>\$ 1,188,668</u>	<u>\$ 58,930,079</u>
Business-Type Activities				
Furniture and equipment	\$ 1,686,081	\$ -	\$ -	\$ 1,686,081
Less: Accumulated depreciation	<u>(1,167,104)</u>	<u>(80,306)</u>	<u>-</u>	<u>(1,247,410)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 518,977</u>	<u>\$ (80,306)</u>	<u>\$ -</u>	<u>\$ 438,671</u>

Included in the Adjustments/Deletions is an adjustment for the East End Elementary building. In the previous year this building was classified as held for sale. The School District has decided not to sell the building, instead they are waiting for approval to move the administrative offices to that building.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

On April 23, 2012 the School District issued \$7,065,000 General Obligation Bonds. The purpose of the bonds was the advance refunding of the 2007 bonds. The 2012 bonds mature February 15th of each year, beginning in 2014. The bonds require semi-annual interest payments on February 15th and August 15th of each year, beginning August 15, 2012, with interest on the bonds ranging from 1.5% to 2.75%.

On November 19, 2012 the School District issued \$11,365,000 General Obligation Bonds. The purpose of the bonds was the advance refunding of the 2009 Series A bonds. The 2012 bonds mature February 15 of each year, beginning in 2014. The bonds require semi-annual interest payments on February 15th and August 15th of each year, beginning February 15, 2013, with interest ranging from 2% to 4%. As a result of the refunding, debt service payments decreased by \$919,112 and resulted in a net economic gain of \$866,225.

The following summarizes the maturities and interest payments for the bonds payable as of June 30, 2013:

Governmental Activities

Year	Principal	Interest	Total
2014	\$ 3,405,000	\$ 1,995,066	\$ 5,400,066
2015	3,510,000	1,892,007	5,402,007
2016	2,805,000	2,710,124	5,515,124
2017	3,250,000	3,633,812	6,883,812
2018	5,145,000	1,530,714	6,675,714
2019-2023	29,115,000	4,593,324	33,708,324
2024-2028	4,860,000	709,793	5,569,793
2029-2033	685,000	215,889	900,889
2034-2038	500,000	47,705	547,705
Totals	<u>\$ 53,275,000</u>	<u>\$ 17,328,434</u>	<u>\$ 70,603,434</u>

Long-term liability activity for the year ended June 30, 2013 is as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable	\$ 55,915,000	\$ 11,365,000	\$ (14,005,000)	\$ 53,275,000	\$ 3,405,000
Unearned amounts:					
Bond premium	521,184	543,543	(68,967)	995,760	(114,262)
Bond discount	(171,752)	-	11,162	(160,590)	11,162
	56,264,432	11,908,543	(14,062,805)	54,110,170	3,301,900
Compensated absences	1,421,644	161,280	(259,774)	1,323,150	785,000
	<u>\$ 57,686,076</u>	<u>\$ 12,069,823</u>	<u>\$ (14,322,579)</u>	<u>\$ 55,433,320</u>	<u>\$ 4,086,900</u>

The liability for compensated absences is normally liquidated by the general fund.

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities as follows:

Instruction	\$2,301,159
Instructional student support	338,245
Administration and finance	263,097
Operating and maintenance of plant services	<u>302,963</u>
Total	<u>\$3,205,464</u>

Depreciation expense was charged to business-type activities as follows:

Food service	<u>\$ 80,306</u>
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NOTE 7 - LONG-TERM DEBT

The government issues general obligation bonds/notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds/notes have been issued for governmental activities. General obligation bonds/notes are direct general obligations of the School District. Principal and interest payments are backed by the full faith, credit, and taxing authority of the School District.

On February 15, 2008 the School District issued \$6,745,000 General Obligation Bonds Series A of 2008 and \$1,690,000 General Obligation Bonds Series B of 2008. The bonds pay interest ranging from 2.70% to 5.80% due on a semi-annual basis. The proceeds of the Series A bonds net of costs were used to refund the series of 1999 bonds. The proceeds of the Series B bonds net of costs were used to refund the series of 2003 bonds.

On August 1, 2008 the School District issued \$20,000,000 General Obligation Bonds Series C of 2008. The bonds pay interest ranging from 3.10% to 4.60% due on a semi-annual basis. The proceeds of the bonds net of costs were used to finance improvements to elementary school buildings.

On January 15, 2010 the School District issued \$1,470,000 General Obligation Bonds. The bonds pay interest ranging from 1.10% to 4.00% due on a semi-annual basis. The proceeds of the bonds net of costs were used to finance an energy project.

On February 15, 2010 the School District issued \$2,970,000 General Obligation Bonds. The bonds pay interest ranging from 3.00% to 4.00% due on a semi-annual basis. The proceeds of the bonds net of costs were used to refund the series of 2005 bonds.

On February 1, 2011 the School District issued \$2,730,000 General Obligation Bonds Series A of 2010. The bonds pay interest ranging from 4.41% to 4.70% due on a semi-annual basis. The proceeds of the bonds net of costs were used to finance various capital projects.

NOTE 8 - PROPERTY TAX

The School District levies taxes on property within the District in both Crawford and Mercer Counties. The assessed valuation and millage for the year ended June 30, 2013 was as follows:

	<u>Assessable Base</u>	<u>Millage</u>
Crawford County	\$ 438,518,264	49.62
Mercer County	7,420,850	86.66

The School District's real estate and per capita taxes are collected by the elected tax collector or treasurer of the political subdivision. The counties determine assessed valuation and also act as delinquent tax collectors. The taxes are levied in July and are due by November 30. A 2% discount is permitted if they are paid prior to September 30. A penalty of 10% is imposed after November 30. The individual tax collectors settle and are exonerated for non-collections by December 31.

NOTE 9 - CONSORTIUM OF LOCAL EDUCATION AGENCIES

Crawford Central School District acts as lead agency for a consortium of local education agencies consisting of Crawford Central, Conneaut, Penncrest, and Titusville School Districts. The consortium was formed to administer ESEA Chapter I, ESEA Title VI and other federal grants. The entire amount of those grants flows through the Crawford Central School District's financial statements. During the fiscal year ended June 30, 2013, the amounts included in the federal funds for those grants were as follows:

	<u>Budget</u>	<u>Actual</u>
Title I	\$7,136,239	\$5,042,627
Title I Delinquent	222,473	222,473
Title II	1,685,178	1,127,311
	<u>\$9,043,890</u>	<u>\$6,392,411</u>

NOTE 10 - JOINT VENTURE

Crawford Central School District is one of the member districts of Crawford County Area Vocational Technical School (AVTS). Each District elects three members to the operating committee of Crawford County AVTS. Each District is responsible for a portion of Crawford County AVTS's operating budget based on student enrollment. For the year ended June 30, 2013, Crawford Central School District's share was \$1,072,329 towards the operating budget and \$311,483 towards the debt. These amounts are recorded as an expense of the general fund.

For the year ended June 30, 2013, Crawford County AVTS's general fund balance was \$1,101,062. Crawford County AVTS's complete financial information is included in its separate audit report for the year ended June 30, 2013, and may be obtained at its administrative offices at 860 Thurston Road, Meadville, Pennsylvania, 16335.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The School District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

The School District has entered into labor agreements with bargaining units and contracts.

The School District is currently operating with the Crawford Central Education Support Professional Association under the contract which ended June 30, 2011, and the Crawford Central Education Association under the contract which ended August 29, 2012.

The School District is party to several lawsuits related to damages at the athletic facility. The outcome of this litigation cannot be determined and no provisions for gain or loss, if any, that may result have been made in the accompanying financial statements.

NOTE 12 – SELF-INSURANCE DENTAL AND VISION

Dental Care and Vision Coverage - During the year ended June 30, 2013, employees of the District were covered by the District's dental and vision self-insurance plan (the "Plan"). The District contributed approximately \$50 per month, per employee to the Plan. Claims were paid by a third-party administrator acting on behalf of the District.

Claims asset liability, 6/30/11	\$ -
6/30/12 premiums	31,364
6/30/12 claim payments and administration	<u>(31,364)</u>
Claims asset liability, 6/30/12	-
Current year premiums	325,038
Current year claims payments and administration	<u>(325,038)</u>
Claims asset liability, 6/30/13	<u>\$ -</u>

NOTE 12 – SELF-INSURANCE DENTAL AND VISION (CONTINUED)

Future liability that may arise as a result of self-insurance is not readily determinable and cannot be reasonably estimated. Thus, the financial statements do not reflect a contingent liability for any unasserted claims.

NOTE 13 - RETIREMENT PLAN

A. Plan Description

The School District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Public School Employee Retirement System (PSERS). Benefit provisions of the Plan are established under the provisions of the PSERS Code (the Code) and may be amended by an act of the Pennsylvania State Legislature. The Plan provides retirement, disability and death benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public school sector. PSERS issues a publicly available financial report that includes financial statements for the Plan. That report may be obtained by writing to PSERS, P. O. Box 125, Harrisburg, Pennsylvania 17108-0125.

B. Funding Policy

Public School Employees' Retirement System has four membership classes: T-C, T-D, T-E and T-F. The rate of the contribution an employee pays toward his account is based on the date of hire and/or membership class selected as follows:

- A Class T-C member who enrolled before July 22, 1983 has a contribution rate of 5.25 %. A Class T-D member who enrolled before July 22, 1983 has a contribution rate of 6.50 %.
- A Class T-C member enrolled on July 22, 1983 through and including June 30, 2011 will have a contribution rate of 6.50 %. A Class T-D member who enrolled on July 22, 1983 through and including June 30, 2011 will have a contribution rate of 7.50 %.

Those who become members for the first time on or after July 1, 2011 may choose between two classes of membership in the System.

- A Class T-E member's base employee contribution rate with "shared risk" contribution levels may fluctuate between 7.50 and 9.50 %.

NOTE 13 - RETIREMENT PLAN (CONTINUED)

- A Class T-F member's base employee contribution rate with "shared risk" contribution levels may fluctuate between 10.30 and 12.30 %.

For fiscal year ended June 30, 2013, the rate of employee contribution was 12.36 % of covered payroll.

The School District's contributions to the System for the years ending June 30, 2013, 2012, and 2011 were \$2,854,299, \$2,035,795 and \$1,499,605, respectively, equal to the required contributions for each year.

Shared Risk

With a "shared risk" program, Class T-E and Class T-F members benefit when investments of the fund are doing well and share some of the risk when investments under-perform. With a Class T-E or Class T-F, your contribution rate will stay within the specified range, but may increase or decrease by 0.50 % within the specified range every three years, starting on July 1, 2015. The member contribution rate will never go below the base rate or above the highest percentage rate.

NOTE 14 - RISK MANAGEMENT

Crawford Central School District is subject to certain legal proceedings and claims arising in the ordinary course of business. After consultation with its solicitor, the District believes that the adverse outcome, if any, will not have a material effect on the District's financial position. The District carries commercial insurance for risk management. Insurance coverage appears to be consistent with previous years. During the years ended June 30, 2013 and the two previous fiscal years, there were no significant settlements in excess of insurance coverage.

NOTE 15 - POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

In addition to the Pension benefits described in Note 13, the School District provides post-employment health, dental, vision insurance, and prescription drug benefits through a single-employer defined benefit plan. The benefits are established in accordance with the requirements set forth by the School Board and Pennsylvania Act 110. The Plan is not accounted for as a trust fund, an irrevocable trust has not been established, the Plan does not issue a separate report and activity of the Plan is reported in the School District's general fund. The School District has implemented GASB 45 prospectively in the year ended June 30, 2009.

Benefit coverage as a retiree will be equivalent (single or dependent coverage) to that held by the individual at the time of retirement. As of June 30, 2013, 102 retired employees are covered by health insurance. The School District's expenses for health insurance benefits were \$207,600 (\$659,220 net of retiree contributions of \$451,620) in 2013.

NOTE 15 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Funding Policy

The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The School District covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent until the death of the retiree; thereafter, they are eligible to continue coverage by paying 100% of the monthly insurance premium.

The School District's annual OPEB cost is calculated based on the annual required contribution of the employees (ARC), an amount actually determined in accordance with the parameters of GASB Statement No 45. The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actually determined in accordance with the requirements so that if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both normal cost for each year and the amortized unfunded liability.

The following table shows the component of the School District's annual OPEB cost for the year, the amount actually contributed, and changes in the School District's net OPEB obligation:

Annual required contribution	\$ 1,136,441
Adjustment to ARC	<u>(23,682)</u>
Annual OPEB cost	1,112,759
Contribution made	<u>(207,600)</u>
Increase in net OPEB obligation	905,159
Net OPEB obligation - beginning of year	<u>350,156</u>
 Net OPEB obligation - end of year	 <u>\$ 1,255,315</u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2013	\$ 1,112,759	19%	\$ 1,255,315
June 30, 2012	1,112,759	99.9%	350,156
June 30, 2011	1,098,504	97.3%	348,497

NOTE 15 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, present multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for the current year was computed as of July 1, 2010 using the following actuarial assumptions: (1) actuarial cost method entry age normal; (2) 4% discount rate compounded annually; (3) rates of withdrawal vary by age, gender, and years of service; (4) separate rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation; (5) assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender; and (6) the healthcare cost trend rate is 6.5% in 2012, decreasing .5% per year to an ultimate rate of 5.5% in 2014. Rates gradually decrease from 6.1% in 2015 to 4.7% in 2082. The Social Actuaries Long-run Medical Cost Trend Model was used to develop the healthcare cost trend.

The schedule of funding progress for the post-employment health insurance benefits is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-PUC (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
July 1, 2010	N/A	\$ 8,606,000	\$ 8,606,000	0.00%	*	*
July 1, 2008	N/A	8,172,000	8,172,000	0.00%	*	*

* to be determined

CRAWFORD CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Local sources	\$ 24,750,712	\$ 24,758,387	\$ 25,096,433	\$ 338,046
State sources	25,169,292	25,410,645	25,010,198	(400,447)
Federal sources	400,000	611,081	448,895	(162,186)
Total Revenues	50,320,004	50,780,113	50,555,526	(224,587)
Expenditures				
Instruction				
Regular programs	20,938,183	20,581,592	20,531,844	49,748
Special education programs	6,906,245	7,499,332	7,359,717	139,615
Vocational programs	1,239,177	1,087,490	1,072,329	15,161
Other instructional programs	329,592	354,592	241,662	112,930
Non public school programs	-	34,000	33,414	586
Adult education programs	-	7,200	5,604	1,596
Total Instruction	29,413,197	29,564,206	29,244,570	319,636
Support Services				
Pupil personnel services	1,510,245	1,597,551	1,583,037	14,514
Instructional staff services	1,447,118	1,938,746	1,789,940	148,806
Administrative services	2,869,894	2,889,894	2,644,716	245,178
Pupil health	608,439	699,439	698,814	625
Business services	611,064	627,096	563,490	63,606
Operation and maintenance of plant services	3,871,482	3,871,682	3,506,452	365,230
Student transportation services	3,965,986	3,999,386	3,924,751	74,635
Central and other support services	614,149	590,549	455,328	135,221
Other support services	70,000	70,000	69,533	467
Total Support Services	15,568,377	16,284,343	15,236,061	1,048,282
Noninstructional Services				
Student activities	1,020,112	1,021,812	872,409	149,403
Community services	206,000	221,500	221,440	60
Total Noninstructional Services	1,226,112	1,243,312	1,093,849	149,463
Debt service	5,650,912	5,571,796	5,417,154	154,642
Total Expenditures	51,858,598	52,663,657	50,991,634	1,672,023
Excess (deficiency) of revenues over (under) expenditures	(1,538,594)	(1,883,544)	(436,108)	1,447,436
Other Financing Sources (Uses)				
Transfers in	1,853,594	2,198,544	2,202,941	4,397
Transfers out	(15,000)	(15,000)	-	15,000
Other financing sources	-	-	27,359	27,359
Refund of prior year expenditures	-	-	627,753	627,753
Budgetary reserve	(300,000)	(300,000)	-	300,000
Total Other Financing Sources (Uses)	1,538,594	1,883,544	2,858,053	974,509
Net Change in Fund Balance	-	-	2,421,945	2,421,945
Fund Balance, July 1, 2012	7,241,588	7,241,588	7,241,588	-
Fund Balance, June 30, 2013	\$ 7,241,588	\$ 7,241,588	\$ 9,663,533	\$ 2,421,945

CRAWFORD CENTRAL SCHOOL DISTRICT
Combining Schedule - Agency Fund Activity Funds
June 30, 2013

Combining Balance Sheet

	Meadville Area Senior High	Cochranton Area Junior- Senior High	Meadville Area Middle School	Total
Assets				
Cash and cash equivalents	\$ 68,008	\$ 33,052	\$ 13,212	\$ 114,272
Liabilities				
Due to student groups	\$ 68,008	\$ 33,052	\$ 13,212	\$ 114,272

CRAWFORD CENTRAL SCHOOL DISTRICT

Combining Schedule of Trust Funds

For the Year Ended June 30, 2013

Combining Balance Sheet

	Barco/Duratz Scholarship Trusts	Russell L. Graham Memorial Fund	Meadville Area High Non Student Account Fund	Invest in the Future	Total
Assets					
Cash and cash equivalents	\$ 198,729	\$ 18,515	\$ 6,941	\$ 16,864	\$ 241,049
Total Assets	<u>\$ 198,729</u>	<u>\$ 18,515</u>	<u>\$ 6,941</u>	<u>\$ 16,864</u>	<u>\$ 241,049</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position	<u>198,729</u>	<u>18,515</u>	<u>6,941</u>	<u>16,864</u>	<u>241,049</u>
Total Liabilities and Net Position	<u>\$ 198,729</u>	<u>\$ 18,515</u>	<u>\$ 6,941</u>	<u>\$ 16,864</u>	<u>\$ 241,049</u>

Combining Schedule of Revenues, Expenditures and Net Position

Additions					
Contributions	\$ -	\$ -	\$ 10,053	\$ 1,300	\$ 11,353
Investment income	9,721	601	-	-	10,322
Total Additions	<u>9,721</u>	<u>601</u>	<u>10,053</u>	<u>1,300</u>	<u>21,675</u>
Deductions					
Scholarships awarded	7,000	-	-	-	7,000
Other expenses	36	-	10,063	-	10,099
Total Deductions	<u>7,036</u>	<u>-</u>	<u>10,063</u>	<u>-</u>	<u>17,099</u>
Excess (deficiency) of revenues over expenditures	2,685	601	(10)	1,300	4,576
Net Position at July 1, 2012	<u>196,044</u>	<u>17,914</u>	<u>6,951</u>	<u>15,564</u>	<u>236,473</u>
Net Position at June 30, 2013	<u>\$ 198,729</u>	<u>\$ 18,515</u>	<u>\$ 6,941</u>	<u>\$ 16,864</u>	<u>\$ 241,049</u>



FELIX & GLOEKLER, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

2306 Peninsula Drive · Erie, Pennsylvania 16506

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Members of the Board
Crawford Central School District
Meadville, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Crawford Central School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Crawford Central School District's basic financial statements and have issued our report, thereon, dated October 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Crawford Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Crawford Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Crawford Central School District's internal control.

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

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards
(Continued)**

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Crawford Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Felix and Gloekler, P.C.

Felix and Gloekler, P.C.

October 15, 2013
Erie, Pennsylvania



FELIX & GLOEKLER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2306 Peninsula Drive • Erie, Pennsylvania 16506

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by
OMB Circular A-133**

To the Members of the Board
Crawford Central School District
Meadville, Pennsylvania

Report on Compliance for each Major Federal Program

We have audited Crawford Central School District's compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of Crawford Central School District's major federal programs for the year ended June 30, 2013. Crawford School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Crawford Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crawford Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by
OMB Circular A-133
(Continued)**

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Crawford Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Crawford Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Crawford Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crawford Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crawford Central School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by
OMB Circular A-133
(Continued)

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Felix and Gloekler, P.C.

Felix and Gloekler, P.C.

October 15, 2013
Erie, Pennsylvania

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CRAWFORD CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass Through Grantor Number	<u>Grant Period</u> Beginning Ending	
<u>U.S. Department of Education</u>					
Passed through Pennsylvania Department of Education					
Title I Improving Basic Programs	I	84.010	013-130107	7/8/2012	9/30/2013
Title I Improving Basic Programs	I	84.010	013-120107	7/8/2011	9/30/2012
Program Improvement Set Aside	I	84.010	042-110107	7/8/2011	9/30/2012
Title I Delinquent	I	84.010	107-130107	7/8/2012	9/30/2013
Title I Delinquent	I	84.010	107-120107	7/8/2011	9/30/2012
Subtotal					
Title II Improving Teacher Quality	I	84.367	020-130107	7/1/2012	9/30/2013
Title II Improving Teacher Quality	I	84.367	020-120107	7/1/2011	9/30/2012
Title II Improving Teacher Quality	I	84.367	020-110107	7/1/2010	9/30/2012
Subtotal					
Title II Education Technology	I	84.318	055-110107	7/1/2011	9/30/2012
ARRA-Education Jobs Fund	I	84.410	140-120107	8/10/2011	9/30/2012
Rural and Low Income Schools	I	84.358	007-130107	7/1/2012	9/30/2013
Rural and Low Income Schools	I	84.358	007-120107	7/1/2011	9/30/2012
Subtotal					
IDEA	I	84.027	N/A	7/1/2012	6/30/2013
Total U.S. Department of Education					
<u>U.S. Department of Health and Human Services</u>					
Passed through Pennsylvania Department of Education					
Medical Assistance-Admin	I	93.778	044-007107	7/1/2012	6/30/2013
Medical Assistance-Admin	I	93.778	044-007107	7/1/2011	6/30/2012
Total U.S. Department of Health and Human Services					

The accompanying notes are an integral part of these financial statements.
Schedule continued on next page.

<u>Accrued/ (Unearned) Revenue at July 1, 2012</u>	<u>Total Received for the Year</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued/ (Unearned) Revenue at June 30, 2013</u>
\$ -	\$ 2,301,233	\$ 2,762,811	\$ 2,762,811	\$ 461,578
80,857	2,360,673	2,279,816	2,279,816	-
(4,911)	-	4,911	4,911	-
-	103,583	82,752	82,752	(20,831)
(654)	139,067	139,721	139,721	-
<u>75,292</u>	<u>4,904,556</u>	<u>5,270,011</u>	<u>5,270,011</u>	<u>440,747</u>
-	282,105	320,374	320,374	38,269
(64,299)	612,090	640,927	640,927	(35,462)
(99,259)	66,751	166,010	166,010	-
<u>(163,558)</u>	<u>960,946</u>	<u>1,127,311</u>	<u>1,127,311</u>	<u>2,807</u>
<u>(6,780)</u>	<u>23,077</u>	<u>29,857</u>	<u>29,857</u>	<u>-</u>
<u>17,381</u>	<u>17,381</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	35,739	7,277	7,277	(28,462)
<u>(90,936)</u>	<u>-</u>	<u>90,936</u>	<u>90,936</u>	<u>-</u>
<u>(90,936)</u>	<u>35,739</u>	<u>98,213</u>	<u>98,213</u>	<u>(28,462)</u>
<u>-</u>	<u>-</u>	<u>698,473</u>	<u>698,473</u>	<u>698,473</u>
<u>(168,601)</u>	<u>5,941,699</u>	<u>7,223,865</u>	<u>7,223,865</u>	<u>1,113,565</u>
-	51,392	65,913	65,913	14,521
<u>45,297</u>	<u>45,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>45,297</u>	<u>96,689</u>	<u>65,913</u>	<u>65,913</u>	<u>14,521</u>

CRAWFORD CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013
(Continued)

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass Through Grantor Number	<u>Grant Period</u> Beginning Ending	
<u>U.S. Department of Agriculture</u>					
Passed through Pennsylvania Department of Agriculture					
National School Lunch Program- Donated Commodities	I	10.555	N/A	7/1/2012	6/30/2013
Passed through Pennsylvania Department of Education					
National School Lunch Program	I	10.555	362	7/1/2012	6/30/2013
National School Lunch Program	I	10.555	362	7/1/2011	6/30/2012
Subtotal					
National School Breakfast Program	I	10.553	365/367	7/1/2012	6/30/2013
National School Breakfast Program	I	10.553	365/367	7/1/2011	6/30/2012
Subtotal					
Total Child Nutrition Cluster					
Total U.S. Dept. of Agriculture					
Total Federal Assistance					

The accompanying notes are an integral part of these financial statements.

<u>Accrued/ (Unearned) Revenue at July 1, 2012</u>	<u>Total Received for the Year</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued/ (Unearned) Revenue at June 30, 2013</u>
(9,534)	92,144	81,293	81,293	(20,385)
-	661,150	763,544	763,544	102,394
100,539	100,539	-	-	-
<u>91,005</u>	<u>853,833</u>	<u>844,837</u>	<u>844,837</u>	<u>82,009</u>
-	217,312	255,992	255,992	38,680
<u>34,367</u>	<u>34,367</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>34,367</u>	<u>251,679</u>	<u>255,992</u>	<u>255,992</u>	<u>38,680</u>
<u>125,372</u>	<u>1,105,512</u>	<u>1,100,829</u>	<u>1,100,829</u>	<u>120,689</u>
<u>125,372</u>	<u>1,105,512</u>	<u>1,100,829</u>	<u>1,100,829</u>	<u>120,689</u>
<u>\$ 2,068</u>	<u>\$ 7,143,900</u>	<u>\$ 8,390,607</u>	<u>\$ 8,390,607</u>	<u>\$ 1,248,775</u>

CRAWFORD CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Footnotes and Other Information
For the Year Ended June 30, 2013

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Crawford Central School District under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Crawford Central School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein contained types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 - LEGEND

- a) Total amount of commodities received from Department of Agriculture.
- b) Beginning inventory at July 1.
- c) Total amount of commodities used.
- d) Ending inventory at June 30.

I = Indirect funding

CRAWFORD CENTRAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

1. Summary of auditors' results

- (i) Type of report issued on the financial statements: Unqualified opinion.
- (ii) Significant deficiencies that were material weaknesses in internal control: N/A.
- (iii) The audit disclosed no noncompliance which is material to the financial statements.
- (iv) Significant deficiencies that are material weaknesses in internal control over major programs: N/A.
- (v) Type of report issued on compliance for major programs: Unqualified opinion.
- (vi) The audit disclosed no audit findings which are required to be reported.
- (vii) Major programs:

Title II Improving Teacher Quality	84.367
Title I Improving Basic Programs	84.010
IDEA	84.027
- (viii) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- (ix) Crawford Central School District did qualify as a low-risk auditee.

2. Findings required to be reported in accordance with generally accepted government auditing standards

None

3. Findings and questioned costs for Federal awards

None

CRAWFORD CENTRAL SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2013

1. Prior significant deficiencies: None.
2. Prior material noncompliance with provisions of laws, regulations, contracts or grant agreements related to a major program: None.
3. Known questioned costs greater than \$10,000: None.
4. There were no findings in the prior year.

CRAWFORD CENTRAL SCHOOL DISTRICT
Corrective Action Plan
For the Year Ended June 30, 2013

Not applicable. There were no current year findings required to be reported.

CRAWFORD CENTRAL SCHOOL DISTRICT
List of Report Distribution
June 30, 2013

The following is a listing of all agencies that the audit reports are distributed to:

1. United States Bureau of the Census
2. Commonwealth of Pennsylvania, Bureau of Audits
3. Northwest Tri-County Intermediate Unit #5