

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION**  
**AND REPORTS CONFORMING TO THE**  
**SINGLE AUDIT ACT AMENDMENTS OF 1996**  
**AND OMB CIRCULAR A-133**  
**YEAR ENDED JUNE 30, 2015**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Crawford Central School District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crawford Central School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Crawford Central 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.

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Crawford Central School District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note B to the financial statements, in 2015 Crawford Central School District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pension*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions, on pages 4-10 and 52, respectively, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crawford Central School District's basic financial statements. The schedules of findings and questioned costs, and the combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state 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 also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of

federal and state awards 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 January 25, 2016, on our consideration of 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.

*McGill, Power, Bell & Associates, LLP*

McGill, Power, Bell & Associates, LLP

Meadville, Pennsylvania

January 25, 2016

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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, 2015. 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 (\$46,569,156). Net position (\$47,639,698) and \$1,070,542 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 equals 12.87% of 2015-2016 budgeted expenditures and will necessitate the District to use or assign 4.87% within school year 2015-2016.
- Total governmental fund revenues were \$56,984,698 million (excluding proceeds from refunding of bond issue). Of this amount 45.76% was local funding, 47.87% was state funding, and 5.16% was federal funding.
- The District's Food Service Fund had an increase in net position for the year in the amount of \$6,927. Net Position on June 30, 2015 is \$1,070,542.

**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 required 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, 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 and deferred inflows, 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, 2015**  
**(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, 2015**  
**(Continued)**

**Financial Analysis of the District as a Whole**

Table 1 shows that the District's total net position of (\$46,569,156) at June 30, 2015.

**Table 1**  
**Fiscal Year End June 30**  
**Net Position**

	2014			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$23,341,240	\$ 739,316	\$24,080,556	\$13,852,973	\$ 840,140	\$ 14,693,113
Noncurrent Assets	<u>56,142,501</u>	<u>358,366</u>	<u>56,500,867</u>	<u>63,791,021</u>	<u>281,461</u>	<u>64,072,482</u>
Total Assets	<u>\$79,483,741</u>	<u>\$1,097,682</u>	<u>\$80,581,423</u>	<u>\$77,643,994</u>	<u>\$1,121,601</u>	<u>\$ 78,765,595</u>
Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,959</u>	<u>\$ -</u>	<u>\$ 68,959</u>
Current Liabilities	\$10,440,494	\$ 34,067	\$10,474,561	\$ 9,164,129	\$ 51,059	\$ 9,215,188
Noncurrent Liabilities	<u>122,973,021</u>	<u>-</u>	<u>122,973,021</u>	<u>116,188,522</u>	<u>-</u>	<u>116,188,522</u>
Total Liabilities	<u>133,413,515</u>	<u>34,067</u>	<u>133,447,582</u>	<u>125,352,651</u>	<u>51,059</u>	<u>125,403,710</u>
Invested In Capital Assets	5,660,006	358,366	6,018,372	6,796,588	281,461	7,078,049
Unrestricted	<u>(59,589,780)</u>	<u>705,249</u>	<u>(58,884,531)</u>	<u>(54,436,286)</u>	<u>789,081</u>	<u>(53,647,205)</u>
Total Net Position	<u>(53,929,774)</u>	<u>1,063,615</u>	<u>(52,866,159)</u>	<u>(47,639,698)</u>	<u>1,070,542</u>	<u>(46,569,156)</u>
Total Liabilities and Net Position	<u>\$79,483,741</u>	<u>\$1,097,682</u>	<u>\$80,581,423</u>	<u>\$77,712,953</u>	<u>\$1,121,601</u>	<u>\$78,834,554</u>

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**  
**(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 an increase in net assets of \$6,297,003 for the year ending June 30, 2015.

**Table 2**  
**Fiscal Year End June 30**  
**Changes in Net Position**

	<b>2014</b>			<b>2015</b>		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>District</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>District</u>
Program Revenues						
Charges for services	\$ 205,191	\$ 417,374	\$ 622,565	\$ 227,302	\$ 420,254	\$ 647,556
Operating Grants & Contributions	32,873,108	1,171,758	34,044,866	31,214,091	1,169,801	32,383,892
General Revenues						
Property Taxes	22,005,012	-	22,005,012	21,464,563	-	21,464,563
Other Taxes	3,002,242	-	3,002,242	2,993,920	-	2,993,920
Grants & Subsidies Not Restricted	24,698	-	24,698	111,258	-	111,258
Other	<u>502,357</u>	<u>121</u>	<u>502,478</u>	<u>196,453</u>	<u>13</u>	<u>196,466</u>
Total Revenues	<u>\$58,612,608</u>	<u>1,589,253</u>	<u>60,201,861</u>	<u>\$56,207,587</u>	<u>1,590,068</u>	<u>57,797,655</u>
Expenses						
Instruction	32,403,698	-	32,403,698	31,285,802	-	31,285,802
Instruction Student Support			-			
Support Staff	7,767,946	-	7,767,946	5,329,147	-	5,329,147
Administration & Business	3,650,698	-	3,650,698	2,240,781	-	2,240,781
Oper & Maint of Plant Services	4,029,870	-	4,029,870	4,189,680	-	4,189,680
Student Transportation	3,982,205	-	3,982,205	3,937,818	-	3,937,818
Non-Instructional services	3,136,824	-	3,136,824	2,434,283	-	2,434,283
Food Service	<u>-</u>	<u>1,580,312</u>	<u>1,580,312</u>	<u>-</u>	<u>1,583,141</u>	<u>1,583,141</u>
Total Expenses	<u>54,971,241</u>	<u>1,580,312</u>	<u>56,551,553</u>	<u>49,917,511</u>	<u>1,583,141</u>	<u>51,500,652</u>
Excess/deficiency before transfers	3,641,367	8,941	3,650,308	6,290,076	6,927	6,297,003
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase/(Decrease) In Net Position	<u>\$ 3,641,367</u>	<u>\$ 8,941</u>	<u>\$ 3,650,308</u>	<u>\$ 6,290,076</u>	<u>\$ 6,927</u>	<u>\$ 6,297,003</u>

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**  
**(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**

	<b>2014</b>		<b>2015</b>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Functions/Programs				
Instruction	\$32,403,698	\$ 5,264,353	\$31,285,802	\$ 5,786,059
Instruction Student Support				
Support Staff	7,767,946	7,441,245	5,329,147	4,913,820
Administration & Business	3,650,698	3,388,837	2,240,781	1,915,032
Oper & Maint of Plant Services	4,029,870	591,447	4,189,680	950,051
Student Transportation	3,982,205	2,235,338	3,937,818	2,149,004
Non-Instructional services				
Student Activities	863,006	697,944	858,911	686,805
Community Services	51,121	51,081	67,928	67,903
Interest on Long-Term Debt	<u>2,222,697</u>	<u>2,222,697</u>	<u>2,007,444</u>	<u>2,007,444</u>
 Total Governmental Activities	 <u>\$54,971,241</u>	 21,892,942	 <u>\$49,917,511</u>	 18,476,118
Less:				
Unrestricted Grants & Subsidies		<u>-</u>		<u>(111,258)</u>
 Total needs from local taxes and other revenues		 <u>\$21,892,942</u>		 <u>\$18,364,860</u>

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**  
**(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**

	<b>2014</b>		<b>2015</b>	
	Total Cost of <u>Services</u>	Net Cost (Revenue From)/ <u>of Services</u>	Total Cost of <u>Services</u>	Net Cost (Revenue From)/ <u>of Services</u>
Food Service	<u>\$ 1,580,312</u>	<u>\$8,941</u>	<u>\$ 1,583,141</u>	<u>\$6,927</u>
Net Income/(Loss)		<u>\$8,941</u>		<u>\$6,927</u>

The Business-type activities, which accounts for our Food Service operation, reported an \$6,927 increase in net position.

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

**The District Funds**

At June 30, 2015 the District's governmental funds reported a combined fund balance of \$15,671,372. The General Fund accounted for \$14,411,613 of the \$15,671,372. Of the \$14,411,613 in the General Fund, \$1,600,000 was committed to the 2015-2016 budget. Assigned to future capital projects within the district is \$5,163,534. Unassigned fund balance amounted to \$7,178,500 or 12.37% of future budgeted expenditures.

**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.

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**  
**(Continued)**

**Capital Assets**

At June 30, 2015, the District had \$53,864,745 invested in a broad range of capital assets, net of accumulated depreciation. This amount represents a net decrease (including additions, deletions, and depreciation) of \$(2,277,755) from the prior year. Table 5 shows the breakdown of these capital assets.

**Table 5**  
**June 30, 2015**

<b>Capital Assets</b>	<b>Total</b>
Land	\$ 311,788
Site Improvements	623,406
Buildings & Improvements	51,140,510
Furniture & Equipment	1,336,131
Construction in Progress	<u>452,910</u>
Total Capital Assets	<u>\$53,864,745</u>

**Debt Administration**

At June 30, 2015, the District's obligation for payment for outstanding bonds was \$46,560,000. This represents a net decrease of \$3,310,000 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, uncertainties exist due to a more than four month delay in establishing a State budget. While the Employer's Pension Contribution Rate is expected to increase an additional 3.5% and with Medical Benefits continuing to increase 6-10% annually, Crawford Central School District has immediate budget concerns in the near future.

**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.

**Crawford Central School District**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Crawford Central Invest in the Future Foundation
<b>ASSETS</b>				
Current assets				
Cash	\$ 9,931,092	\$ 232,598	\$ 10,163,690	\$ 24,497
Accounts receivable	-	9,901	9,901	-
Taxes receivable, net	2,724,045	-	2,724,045	-
Due from other governments	728,257	146,344	874,601	-
Due from other funds	-	317,339	317,339	-
Inventories	39,078	13,873	52,951	-
Prepaid expenses	430,501	120,085	550,586	-
Total current assets	13,852,973	840,140	14,693,113	24,497
Noncurrent assets				
Capital assets				
Land	311,788	-	311,788	-
Property, plant and equipment, net	53,552,957	281,461	53,834,418	-
Total capital assets	53,864,745	281,461	54,146,206	-
Investments	9,926,276	-	9,926,276	-
Total noncurrent assets	63,791,021	281,461	64,072,482	-
Total assets	77,643,994	1,121,601	78,765,595	24,497
Deferred outflows of resources				
Deferred amount on refunding, net	68,959	-	68,959	-
<b>LIABILITIES</b>				
Current liabilities				
Due to other funds	308,565	-	308,565	1,821
Accounts payable	878,273	32,977	911,250	-
Accrued salaries and related payroll deductions	4,584,898	2,564	4,587,462	-
Accrued interest payable	626,851	-	626,851	-
Current portion of bonds payable	2,721,327	-	2,721,327	-
Current portion of compensated absences	33,000	-	33,000	-
Unearned revenues	11,215	15,518	26,733	-
Total current liabilities	9,164,129	51,059	9,215,188	1,821
Noncurrent liabilities				
Bonds payable	44,346,830	-	44,346,830	-
Post-employment benefits	1,084,316	-	1,084,316	-
Pension liability	69,543,000	-	69,543,000	-
Compensated absences	1,191,333	-	1,191,333	-
Deposits payable	23,043	-	23,043	-
Total noncurrent liabilities	116,188,522	-	116,188,522	-
Total liabilities	125,352,651	51,059	125,403,710	1,821
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	6,796,588	281,461	7,078,049	-
Unrestricted	(54,436,286)	789,081	(53,647,205)	22,676
Total net position	\$ (47,639,698)	\$ 1,070,542	\$ (46,569,156)	\$ 22,676

See accompanying notes to financial statements

**Crawford Central School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Crawford Central Invest in the Future Foundation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Governmental activities</b>								
Instruction	\$ 31,285,802	\$ 127,204	\$ 25,372,539	\$ -	\$ (5,786,059)	\$ -	\$ (5,786,059)	\$ -
Instructional student support	5,329,147	-	415,327	-	(4,913,820)	-	(4,913,820)	(12,670)
Administrative and financial support	2,240,781	-	325,749	-	(1,915,032)	-	(1,915,032)	-
Operation and maintenance of plant	4,189,680	-	3,239,629	-	(950,051)	-	(950,051)	-
Student transportation	3,937,818	-	1,788,814	-	(2,149,004)	-	(2,149,004)	-
Student activities	858,911	100,098	72,008	-	(686,805)	-	(686,805)	-
Community services	67,928	-	25	-	(67,903)	-	(67,903)	-
Interest on long-term debt	2,007,444	-	-	-	(2,007,444)	-	(2,007,444)	-
<b>Total governmental activities</b>	<b>49,917,511</b>	<b>227,302</b>	<b>31,214,091</b>	<b>-</b>	<b>(18,476,118)</b>	<b>-</b>	<b>(18,476,118)</b>	<b>(12,670)</b>
Business-type activities								
Food service	1,583,141	420,254	1,169,801	-	-	6,914	6,914	-
<b>Total</b>	<b>\$ 51,500,652</b>	<b>\$ 647,556</b>	<b>\$ 32,383,892</b>	<b>-</b>	<b>(18,476,118)</b>	<b>6,914</b>	<b>(18,469,204)</b>	<b>(12,670)</b>
<b>General revenues</b>								
Property taxes					21,464,563	-	21,464,563	-
Per capita taxes					78,218	-	78,218	-
Realty transfer tax					302,115	-	302,115	-
Earned income taxes					2,583,665	-	2,583,665	-
Public utility realty tax					29,922	-	29,922	-
Grants, subsidies and contributions not restricted					111,258	-	111,258	18,120
Investment earnings					(33,754)	13	(33,741)	-
Miscellaneous income					230,207	-	230,207	-
<b>Total general revenues</b>					<b>24,766,194</b>	<b>13</b>	<b>24,766,207</b>	<b>18,120</b>
<b>Change in net position</b>					<b>6,290,076</b>	<b>6,927</b>	<b>6,297,003</b>	<b>5,450</b>
<b>Net position, July 1, 2014, as originally stated</b>					<b>19,960,226</b>	<b>1,063,615</b>	<b>21,023,841</b>	<b>17,226</b>
<b>Prior period restatement (Note U)</b>					<b>(73,890,000)</b>	<b>-</b>	<b>(73,890,000)</b>	<b>-</b>
<b>Net position, July 1, 2014, as restated</b>					<b>(53,929,774)</b>	<b>1,063,615</b>	<b>(52,866,159)</b>	<b>17,226</b>
<b>Net position, June 30, 2015</b>					<b>\$ (47,639,698)</b>	<b>\$ 1,070,542</b>	<b>\$ (46,569,156)</b>	<b>\$ 22,676</b>

See accompanying notes to financial statements

# Crawford Central School District

## Balance Sheet

### Governmental Funds

June 30, 2015

	General Fund	Capital Projects Fund	Total Government Funds
<b>Assets</b>			
Cash	\$ 8,469,655	\$ 1,461,437	\$ 9,931,092
Investments	9,926,276	-	9,926,276
Taxes receivable	2,845,199	-	2,845,199
Due from other governments	728,257	-	728,257
Inventory	39,078	-	39,078
Prepaid expenses	430,501	-	430,501
<b>Total assets</b>	<b>\$ 22,438,966</b>	<b>\$ 1,461,437</b>	<b>\$ 23,900,403</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 676,595	\$ 201,678	\$ 878,273
Payroll deductions and withholdings	4,584,898	-	4,584,898
Due to other funds	308,565	-	308,565
Unearned revenue	11,215	-	11,215
Other noncurrent liabilities	23,043	-	23,043
<b>Total liabilities</b>	<b>5,604,316</b>	<b>201,678</b>	<b>5,805,994</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	2,423,037	-	2,423,037
<b>Fund balances</b>			
Nonspendable	469,579	-	469,579
Committed	1,600,000	1,259,759	2,859,759
Assigned	5,163,534	-	5,163,534
Unassigned	7,178,500	-	7,178,500
<b>Total fund balances</b>	<b>14,411,613</b>	<b>1,259,759</b>	<b>15,671,372</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 22,438,966</b>	<b>\$ 1,461,437</b>	<b>\$ 23,900,403</b>

See accompanying notes to financial statements

**Crawford Central School District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Position**  
**June 30, 2015**

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**Total fund balances - governmental funds** \$ 15,671,372

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$101,697,289 and the accumulated depreciation is \$47,832,544. 53,864,745

Deferred amount on refunding of bonds 68,959

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 2,301,883

Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds payable	(47,068,157)
Accrued interest on the bonds	(626,851)
Post-employment benefits	(1,084,316)
Net pension liability	(69,543,000)
Compensated absences	<u>(1,224,333)</u>

**Total net position - governmental activities** \$ (47,639,698)

See accompanying notes to financial statements

**Crawford Central School District**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - All Governmental Fund Types**  
**For the Year Ended June 30, 2015**

	General Fund	Capital Projects Fund	Federal Funds	Debt Service (Major Fund)	Total Government Funds
<b>Revenues and other financing sources</b>					
Revenues					
Local sources	\$ 26,071,812	\$ 3,448	\$ -	\$ -	\$ 26,075,260
State sources	27,280,220	-	-	-	27,280,220
Federal sources	1,974,845	-	962,937	-	2,937,782
Other financing sources					
Interfund transfers	558,482	-	-	-	558,482
Refund of prior years expenditure	102,524	-	-	-	102,524
Proceeds from refunding bond issue	-	-	-	3,682,442	3,682,442
Other income	30,430	-	-	-	30,430
<b>Total revenues and other financing sources</b>	<b>56,018,313</b>	<b>3,448</b>	<b>962,937</b>	<b>3,682,442</b>	<b>60,667,140</b>
<b>Expenditures and other financing uses</b>					
Expenditures					
Instruction	31,499,857	-	-	-	31,499,857
Support services	16,150,710	-	404,455	-	16,555,165
Operation of non-instructional services	1,025,525	-	-	-	1,025,525
Facilities acquisition and improvements	-	803,239	-	-	803,239
Other financing uses					
Debt service	5,568,167	-	-	3,682,442	9,250,609
Refund of prior years revenue	6,174	-	-	-	6,174
Interfund transfers	-	-	558,482	-	558,482
<b>Total expenditures and other financing uses</b>	<b>54,250,433</b>	<b>803,239</b>	<b>962,937</b>	<b>3,682,442</b>	<b>59,699,051</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>1,767,880</b>	<b>(799,791)</b>	<b>-</b>	<b>-</b>	<b>968,089</b>
<b>Fund balance, July 1, 2014</b>	<b>12,643,733</b>	<b>2,059,550</b>	<b>-</b>	<b>-</b>	<b>14,703,283</b>
<b>Fund balance, June 30, 2015</b>	<b>\$ 14,411,613</b>	<b>\$ 1,259,759</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,671,372</b>

See accompanying notes to financial statements

**Crawford Central School District**  
**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2015**

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**Total net changes in fund balance - governmental funds** \$ 968,089

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Capital outlays	882,248	
Depreciation	<u>3,160,003</u>	(2,277,755)

The issuance of bond proceeds are recognized as other financing sources in the governmental funds, however, in the statement of activities it is not reported as revenues as it increases liabilities on the statement of net position. (3,682,442)

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. 7,108,384

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues decreased by this amount this year. (218,629)

Other - Change in compensated absences	243,453	
Change in post-employment benefits payable	(332,799)	
Change in pension liability	4,347,000	
Amortization of premium and discount	96,761	
Amortization of loss on refunding to interest expense	(39,411)	
Accrued interest on bonds	<u>77,425</u>	
		<u>4,392,429</u>

**Change in net position of governmental activities** \$ 6,290,076

See accompanying notes to 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, 2015

	Budgeted Amounts		Variance - Original with Final Budget	Actual	Variance with Final Budget
	Original	Final	Positive (Negative)	(Budgetary Basis)	Positive (Negative)
<b>Revenues</b>					
Local revenue	\$ 25,638,848	\$ 25,807,913	\$ 169,065	\$ 26,071,812	\$ 263,899
State program revenue	27,292,805	27,292,805	-	27,280,220	(12,585)
Federal program revenue	2,307,300	2,414,826	107,526	1,974,845	(439,981)
Total revenues	55,238,953	55,515,544	276,591	55,326,877	(188,667)
<b>Expenditures</b>					
Instruction	32,004,545	33,136,315	(1,131,770)	31,499,857	1,636,458
Support services	16,768,933	17,070,008	(301,075)	16,150,710	919,298
Student activities	1,036,189	1,036,189	-	957,568	78,621
Community service	55,864	71,277	(15,413)	67,957	3,320
Debt service	5,529,022	5,569,006	(39,984)	5,568,167	839
Total expenditures	55,394,553	56,882,795	(1,488,242)	54,244,259	2,638,536
Excess (deficiency) of revenues over expenditures	(155,600)	(1,367,251)	(1,211,651)	1,082,618	2,449,869
<b>Other financing sources (uses)</b>					
Transfers in	-	558,482	558,482	558,482	-
Transfers out	(15,000)	-	15,000	-	-
Refund of prior year revenue	-	(6,174)	(6,174)	(6,174)	-
Other income	-	-	-	30,430	30,430
Refund of prior year expenditures	170,000	170,000	-	102,524	(67,476)
Budgetary reserve	(850,000)	(205,657)	644,343	-	205,657
Total other financing sources (uses)	(695,000)	516,651	1,211,651	685,262	168,611
<b>Net change in fund balances</b>	(850,600)	(850,600)	-	1,767,880	2,618,480
<b>Fund balance - July 1, 2014</b>	12,643,733	12,643,733	-	12,643,733	-
<b>Fund balance - June 30, 2015</b>	\$ 11,793,133	\$ 11,793,133	\$ -	\$ 14,411,613	\$ 2,618,480

See accompanying notes to financial statements

**Crawford Central School District**  
**Statement of Net Position**  
**Proprietary Fund - Food Service**  
**June 30, 2015**

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**Assets**

Current assets

Cash	\$ 232,598
Accounts receivable	9,901
Due from other governments	146,344
Due from other funds	317,339
Inventories	13,873
Prepaid expenses	<u>120,085</u>

Total current assets	<u>840,140</u>
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Noncurrent assets

Furniture and equipment	1,690,333
Accumulated depreciation	<u>(1,408,872)</u>

Total noncurrent assets	<u>281,461</u>
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Total assets	<u>1,121,601</u>
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**Liabilities**

Current liabilities

Accounts payable	32,977
Accrued expenses	2,564
Unearned revenues	<u>15,518</u>

Total current liabilities	<u>51,059</u>
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**Net position**

Invested in capital assets net of related debt	281,461
Unrestricted	<u>789,081</u>

Total net position	<u><u>\$ 1,070,542</u></u>
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See accompanying notes to financial statements

**Crawford Central School District**  
**Statement of Revenues, Expenses and Change in Fund Net Position**  
**Proprietary Fund - Food Service**  
**For the Year Ended June 30, 2015**

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<b>Operating revenue</b>	
Food service revenue	\$ 420,254
	<hr/>
<b>Operating expenses</b>	
Salaries	427,544
Employee benefits	154,747
Food purchases	544,080
Food management services	240,623
Repairs and maintenance	20,913
Supplies	114,079
Depreciation	81,155
	<hr/>
Total operating expenses	1,583,141
	<hr/>
Operating income (loss)	(1,162,887)
	<hr/>
<b>Nonoperating revenues (expenses)</b>	
Local sources	2,067
State sources	107,628
Federal sources	1,060,119
	<hr/>
Total nonoperating revenues	1,169,814
	<hr/>
<b>Net income</b>	6,927
	<hr/>
<b>Net position, July 1, 2014</b>	1,063,615
	<hr/>
<b>Net position, June 30, 2015</b>	<b>\$ 1,070,542</b>
	<hr/> <hr/>

See accompanying notes to financial statements

**Crawford Central School District**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**June 30, 2015**

	<u>Food Service</u>
<b>Cash flows from operating activities</b>	
Cash received from users	\$ 416,811
Cash payments to employees for services	(586,371)
Cash payments to suppliers for goods and services	(897,721)
Cash payments for other operating expenses	<u>(221,066)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>(1,288,347)</u>
<b>Cash flows from non-capital financing activities</b>	
Local sources	2,067
State sources	108,547
Federal sources	<u>1,076,756</u>
<b>Net cash provided by (used for) non-capital financing activities</b>	<u>1,187,370</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of fixed assets	<u>(4,250)</u>
<b>Net cash provided by (used for) capital and related financing activities</b>	<u>(4,250)</u>
<b>Net increase (decrease) in cash</b>	(105,227)
<b>Cash, July 1, 2014</b>	<u>337,825</u>
<b>Cash, June 30, 2015</b>	<u><u>\$ 232,598</u></u>
 <b>Cash flows from operating activities</b>	
Operating income (loss)	\$ (1,162,887)
Adjustments to reconcile operating income (loss) to net cash provided by (used for)	
Depreciation	81,155
(Increase) decrease in due from other funds	(221,066)
(Increase) decrease in accounts receivable	(9,901)
(Increase) decrease in inventories	7,360
Increase (decrease) in accounts payable	14,614
Increase (decrease) in accrued expenses	(4,080)
Increase (decrease) in other current liabilities	(304)
Increase (decrease) in deferred revenues	<u>6,762</u>
<b>Cash provided by (used for) total operating activities</b>	<u><u>\$ (1,288,347)</u></u>

See accompanying notes to financial statements

Crawford Central School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

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	Trust Funds	Agency Funds
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Cash	\$      64	\$  131,032
Certificates of deposit	216,310	-
	<u>          </u>	<u>          </u>
<b>Total assets</b>	<u>216,374</u>	<u>131,032</u>
<b>Liabilities</b>		
Due to student groups	-	131,032
Due to other funds	6,953	-
	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	6,953	131,032
<b>Net position</b>		
Restricted for legal purposes	209,421	-
	<u>          </u>	<u>          </u>
<b>Total net position</b>	<u><u>\$  209,421</u></u>	<u><u>\$          -</u></u>

See accompanying notes to financial statements

**Crawford Central School District**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2015**

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	<u>Trust Funds</u>
<b>Additions</b>	
Investment earnings	\$ 3,439
<b>Deductions</b>	
Scholarships awarded	<u>7,636</u>
<b>Changes in net position</b>	(4,197)
<b>Net position, July 1, 2014</b>	<u>213,618</u>
<b>Net position, June 30, 2015</b>	<u><u>\$ 209,421</u></u>

See accompanying notes to financial statements

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE A – ENTITY

Crawford Central School District (School District), organized under the laws of the Commonwealth of Pennsylvania, is comprised of students from the municipalities of the City of Meadville, the Borough of Cochranon, the Townships of East Fairfield, Fairfield, Wayne, Union, Vernon, and West Mead, all of which are located in Crawford County; and the Township of French Creek located in Mercer County. The School District is operated by a nine-member Board which is elected at-large from the municipalities listed above. The objective of the School District is to provide elementary and secondary education to the School District's students as prescribed by the laws and regulations of the Commonwealth of Pennsylvania.

Criteria for determining if other entities are potential component units that should be reported within the School District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the School District's basic financial statements to be misleading.

Based on the application of these criteria, the following component unit is included within the School District's reporting entity:

#### *Discretely Presented Component Unit*

The component unit columns in the government-wide financial statements include the financial data of the School District's component unit. The Crawford Central Invest in the Future Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

- The Crawford Central Invest in the Future Foundation was established to assist students in Crawford Central School District by supporting, improving, and enhancing current educational, extracurricular and athletic programs.

The financial data reported on the accompanying statements was derived from Crawford Central School District's records for the year ended June 30, 2015.

The component unit is not considered to be a major fund for financial statement presentation purposes.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Crawford Central School District have been prepared in accordance with generally accepted accounting principles (GAAP). The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

#### Fund Account Structure

The accounts of the School District are maintained and the accompanying fund financial statements have been prepared using the accounting practices prescribed or permitted by the Manual of Accounting and Related Financial Procedures for Pennsylvania Department of School Systems (revised), issued by the Pennsylvania Department of Education in accordance of school laws of Pennsylvania.

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types.

#### Governmental Fund Types

These are the funds through which most governmental functions are furnished. The funds included in this category are:

##### General Fund

The general fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.

##### Capital Projects Fund

Capital projects funds are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlay (other than those financed by proprietary funds, special assessment funds and trust funds).

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The special revenue fund of the School District is the Federal Funds which accounts for the activity of a consortium of various School Districts' federal programs.

#### Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest on the School District's general obligation bonds.

#### Proprietary Fund Types

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Food Service Fund is a proprietary fund.

#### Fiduciary Fund Types

Trust and agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include expendable trust and agency funds.

Activity funds account for programs operated and sponsored by various school clubs and organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Trust funds account for the awarding of scholarships and other accounts sponsored by individuals. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

#### Government-wide Financial Statements – Basis of Presentation

Government-wide financial statements display information about the School District as a whole. The statement of net position and the statement of activities include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Government-wide Financial Statements – Basis of Presentation

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

#### Fund Financial Statements – Basis of Presentation

Fund financial statements report detailed information about Crawford Central School District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and, all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and or balance sheet 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 deferred outflows of resources affecting the statement of net position in the current year include the deferred amount on refunding. The deferred amount on refunding represents the difference between the reacquisition price and the net carrying amount of the old debt on the current year's advance refunding.

In addition to liabilities, the statement of net position and or balance sheet 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 deferred inflows of resources affecting the governmental funds financial statements in the current year include unavailable revenues related to delinquent property taxes.

#### Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Nonspendable* fund balance category includes inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance category includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority),

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Balance Reporting (Continued)

4. *Assigned* fund balance category are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. *Unassigned* fund balance is the residual category for the government's general fund and includes all spendable amounts not contained in the other classifications.

The School District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

#### Basis of Accounting

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted,

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Accounting (Continued)

matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, tuition, grants, student fees and rentals.

#### Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

#### Budgets

The School District is required by state laws to adopt annual budgets for the governmental funds. The budgets are presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP).

The budgetary information included in the financial statements is stated as adjusted by budget transfers made during the year.

#### Encumbrances

Encumbrances are recorded when purchase orders are approved and orders have been placed for goods or service. Outstanding purchase orders are classified as accounts payable at year end.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Cash

For purposes of the statement of cash flows of its proprietary fund type, cash includes time deposits, certificates of deposit, and all highly liquid investments with original maturities of three months or less.

#### Inventories

Inventories are presented at the lower of cost or market on a first in, first-out basis, and are expensed when used (consumption method). The inventory of the Food Service Fund consists of materials and supplies, including food and donated commodities, which are valued at estimated cost. The inventory of the General Fund consists of copy paper purchased during the year ended June 30, 2015 for consumption in the following year. The cost is recorded as an expenditure at the time the inventory is consumed.

#### Capital Assets

General fund capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets, except for construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business Type Activities Estimated Lives</u>
Site Improvements	10-30 years	N/A
Buildings and improvements	25-40 years	N/A
Furniture, equipment and vehicles	5-20 years	5-10 years

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Compensated Absences

School District employees are permitted to accumulate unused sick and personal time. Contract provisions require payment for this benefit upon retirement, death or disability based on a negotiated formula. At June 30, 2015, compensated absences were \$1,224,333 for the general fund.

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 or retirement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

For the year ended June 30, 2015, the School District implemented GASB No. 68, *Accounting and Financial Reporting for Pension*. This statement improves financial reporting for pensions by recognizing the net pension liability and annual expense and improving related disclosures. Restatement of net position was necessary as a result of the change in accounting principle (Note U).

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Review of Subsequent Events

In preparing these financial statements, Crawford Central School District has evaluated events and transactions for potential recognition or disclosure through January 25, 2016 the date the financial statements were available to be issued.

### NOTE C – CASH AND CASH EQUIVALENTS

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes. In addition to the investments authorized for Governmental Funds, Fiduciary Fund investments may also be made in corporate stocks and bonds, real estate and other investments.

Deposits of the Governmental Funds are either maintained in demand deposits, highly liquid money market funds, certificates of deposit or pooled for investment purposes in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and are captioned as “cash”. The deposits and investments of the Activity Funds are administered by trustees and are held separately from those of other School District funds. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District. Investments pooled with the Pennsylvania Treasurer’s Invest Program are highly liquid and their current value at June 30, 2015 approximates market value. The School District has no investment policy that would further limit its investment choices.

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, 2015, the School District’s investments were rated as:

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

The School District places no limit on the amount the School District may invest in any one issuer. The School District’s investments listed above are classified as cash equivalents.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE C – CASH AND CASH EQUIVALENTS (CONTINUED)

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.

At June 30, 2015, the deposits (cash) of the School District consist of:

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Food Service Fund</u>	<u>Trust Funds</u>	<u>Activity Fund</u>	<u>Total</u>
Bank balance	\$8,639,190	\$1,544,344	\$231,734	\$216,374	\$132,948	\$10,764,590
FDIC insured	( 283,228)	-	-	( 136,147)	( 96,506)	( 515,881)
Collateralized by securities held by the pledging financial institutions trust department	<u>( 8,355,962)</u>	<u>( 1,544,344)</u>	<u>( 231,734)</u>	<u>( 80,227)</u>	<u>( 36,442)</u>	<u>( 10,248,709)</u>
Non-collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amount	<u>\$8,469,655</u>	<u>\$1,461,437</u>	<u>\$232,598</u>	<u>\$216,374</u>	<u>\$131,032</u>	<u>\$10,511,096</u>

At June 30, 2015 the School District's deposits exceeded the \$250,000 Federal Depository Insurance Corporation limit by \$10,248,709 however, no losses occurred due to this situation. For the uninsured balances, the financial institution pledges U.S. Government Securities for these deposits in accordance with the Act of August 6, 1971 (P.L. 281 No. 72).

### NOTE D – INVESTMENTS

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

Investments, which are stated at fair value, consisted of the following at June 30, 2015:

Cash equivalents	\$ 461,160
Fixed income securities	<u>9,465,116</u>
	<u>\$9,926,276</u>

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE E – TAX REVENUE AND RECEIVABLE

#### Property Tax

The School District's real property tax is based on the listed assessed value at January 1<sup>st</sup> and then levied July 1<sup>st</sup> of each year. The assessed valuation and millage rate for the year ended June 30, 2015 was as follows:

	<u>Assessable Base</u>	<u>Millage</u>
Mercer County	\$ 6,840,963	90.35
Crawford County	\$411,299,410	50.81

The School District Real Estate 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 on August 1<sup>st</sup> and are due December 31<sup>st</sup>. A 2% discount is permitted if paid prior to September 30<sup>th</sup>. A penalty of 10% is imposed after November 30<sup>th</sup>. The individual tax collectors settle and are exonerated for non-collections as of December 31<sup>st</sup>.

#### Taxes Receivable

Taxes receivable consist of the following at June 30, 2015:

Current revenues	
Delinquent real estate taxes	\$ 237,595
Real estate transfer tax	30,499
Earned income tax	153,920
Miscellaneous tax	<u>148</u>
Total current tax revenue	<u>422,162</u>
Delinquent real estate taxes	
Delinquent real estate assessments	2,423,037
Estimated uncollectible allowance	<u>( 121,154)</u>
Total delinquent real estate taxes	<u>2,301,883</u>
Total taxes receivable	<u>\$2,724,045</u>

The fund financial statements present real estate taxes recorded as revenue only when received in cash or when "susceptible to accrual," outstanding delinquent real estate tax levies are offset on the balance sheet under deferred inflows of resources (unavailable revenue).

Delinquent real estate taxes receivable include the values ascribed thereto on the liened tax records of Mercer and Crawford Counties totaling \$2,423,037. The amounts shown as receivable include unsatisfied items for levies of years through 2014. Uncollectible tax allowance is estimated to be five percent of the total delinquent taxes.

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE F – DUE TO/FROM OTHER FUNDS**

The due to/from other funds as of June 30, 2015 were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$308,565
Trusts Funds	-	6,953
Food Service Fund	317,339	-
Component Unit	<u>-</u>	<u>1,821</u>
	<u>\$317,339</u>	<u>\$317,339</u>

**NOTE G – CAPITAL ASSETS**

*Proprietary Fund Type*

The following is a summary of proprietary fund type fixed assets at June 30, 2015:

	<u>Balance 06/30/14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 06/30/15</u>
Furniture and equipment	<u>\$1,686,083</u>	<u>\$4,250</u>	<u>\$ -</u>	<u>\$1,690,333</u>

Depreciation expense during the year ended June 30, 2015 was \$81,155.

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE G – CAPITAL ASSETS (CONTINUED)**

*Governmental Fund Type*

The following is a summary of changes in capital assets during the fiscal year:

	<u>Balance</u> <u>06/30/14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/15</u>
Land	\$ 311,788	\$ -	\$ -	\$ 311,788
Buildings	83,885,113	295,742	-	84,180,855
Site improvements	2,365,794	54,588	-	2,420,382
Furniture, equipment and vehicles	16,064,993	79,008	( 1,812,647)	14,331,354
Construction in progress	<u>-</u>	<u>452,910</u>	<u>-</u>	<u>452,910</u>
Total at Historical Cost	<u>102,627,688</u>	<u>882,248</u>	<u>( 1,812,647)</u>	<u>101,697,289</u>
Less: Accumulated Depreciation				
Buildings	( 30,468,651)	( 2,571,694)	-	( 33,040,345)
Site improvements	( 1,723,406)	( 73,570)	-	( 1,796,976)
Furniture, equipment and vehicles	<u>( 14,293,130)</u>	<u>( 514,740)</u>	<u>1,812,647</u>	<u>( 12,995,223)</u>
Total Accumulated Depreciation	<u>( 46,485,187)</u>	<u>( 3,160,004)</u>	<u>1,812,647</u>	<u>( 47,832,544)</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,142,501</u>	<u>(\$2,277,756)</u>	<u>\$ -</u>	<u>\$ 53,864,745</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$2,822,798
Instructional student support	62,044
Administrative and financial support	24,547
Operation and maintenance of plant	<u>250,615</u>
	<u>\$3,160,004</u>

**NOTE H – LONG-TERM DEBT**

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds 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.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE H – LONG-TERM DEBT (CONTINUED)

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 5.8% 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 4.6% due one 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 Series 2010. 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 Series 2010. 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.

On April 23, 2012 the School District issued \$7,065,000 General Obligation Bonds Series 2007. The purpose of the bonds was the advance refunding of the 2007 bonds. The 2012 bonds mature February 15<sup>th</sup> of each year, beginning in 2014. The bonds require semi-annual interest payments on February 15<sup>th</sup> and August 15<sup>th</sup> of each year, beginning August 15, 2012, with interest on the bond ranging from 1.50% to 2.75%.

On November 19, 2012 the School District issued \$11,365,000 General Obligation Bonds Series A of 2012. The purpose of the bonds was the advance refunding of the 2009 Series A bonds. The 2012 bonds mature February 15<sup>th</sup> of each year, beginning in 2014. The bonds require semi-annual interest payments on February 15<sup>th</sup> and August 15<sup>th</sup> of each year, beginning February 15, 2013, with interest on the bond ranging from 2.00% to 4.00%. As a result of the refunding, debt service payments decreased by \$919,112 and resulted in a net economic gain of \$866,225.

On February 24, 2015 the School District issued \$2,625,000 General Obligation bonds Series A of 2015 and \$1,070,000 General Obligation Bonds Series B or 2015. The purpose of the bonds was the advance refunding of the General Obligation Bonds Series A of 2010 and the General Obligation Bonds Series 2010. The 2015 bonds mature on February 1<sup>st</sup> and August 1<sup>st</sup> of each year, beginning August 1<sup>st</sup>, 2015, with interest on the bonds ranging from 2.00% to 3.25%.

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE H – LONG-TERM DEBT (CONTINUED)**

The following summarizes the maturities and interest payments for the bonds payable as of June 30, 2015:

	<u>Balance at</u> <u>6/30/2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at</u> <u>6/30/2015</u>
Bond Series 2008A	\$ 3,290,000	\$ -	\$3,290,000	\$ -
Bond Series 2008B	1,675,000	-	15,000	1,660,000
Bond Series 2008C	19,880,000	-	20,000	19,860,000
Bond Series 2012A	11,360,000	-	5,000	11,355,000
Bond Series 2010	2,950,000	-	15,000	2,935,000
Bond Series 2010	1,135,000	-	1,135,000	-
Bond Series 2010A	2,520,000	-	2,520,000	-
Bond Series 2012	7,060,000	-	5,000	7,055,000
Bond Series 2015A	-	2,625,000	-	2,625,000
Bond Series 2015B	-	<u>1,070,000</u>	-	<u>1,070,000</u>
	<u>\$49,870,000</u>	<u>\$3,695,000</u>	<u>\$7,005,000</u>	<u>\$46,560,000</u>

The following summarizes the maturities and interest payments for the bonds payable as of June 30, 2015:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,660,000	\$1,685,107	\$ 4,345,107
2017	3,185,000	1,611,583	4,796,583
2018	4,295,000	1,487,245	5,782,245
2019	4,605,000	1,287,595	5,892,595
2020	4,855,000	1,076,420	5,931,420
2021-2025	25,295,000	2,511,040	27,806,040
2026-2030	685,000	214,306	899,306
2031-2035	800,000	107,725	907,725
2036	<u>180,000</u>	<u>5,850</u>	<u>185,850</u>
	<u>\$46,560,000</u>	<u>\$9,986,871</u>	<u>\$56,546,871</u>

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE H – LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Bonds Payable	\$49,870,000	\$3,695,000	(\$7,005,000)	\$46,560,000	\$2,660,000
Unearned amounts					
Bond premium	761,923	-	( 156,439)	605,484	70,422
Bond discount	( 149,428)	( 12,558)	64,659	( 97,327)	( 9,095)
	<u>\$50,482,495</u>	<u>\$3,682,442</u>	<u>(\$7,096,780)</u>	<u>\$47,068,157</u>	<u>\$2,721,327</u>

### NOTE I – CONSORTIUM OF LOCAL EDUCATION AGENCIES

The School District acted as a 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 flowed through the Crawford Central School District's financial statements as a special revenue fund. During the fiscal year ended June 30, 2015, the amounts included in the federal fund for those grants were as follows:

	<u>Budget</u>	<u>Actual</u>
Title I	\$820,306	\$820,306
Title II	\$142,631	\$142,631

The consortium completely disbanded during the fiscal year ended June 30, 2015.

### NOTE J – AUTHORITY RENTALS

The School District has entered into a lease agreement 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 December 1, 2014 through June 30, 2015. The amount paid during the fiscal year ended June 30, 2015 was \$40,000.

### NOTE K – FUND BALANCE REPORTING

#### Committed Fund Balance Policy

The School District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE K – FUND BALANCE REPORTING

#### Committed Fund Balance Policy

The School Board committed funds for the future payment of obligations related to:

Compensated absences and other post-employment benefits	\$ 500,000
Future capital projects	800,000
Fiscal year 2015/2016 budget	<u>300,000</u>
	<u>\$1,600,000</u>

The 2015-2016 budget, which was adopted by the School Board, contains a projected use of \$300,000 of general fund balance for the projected operating deficit. Consequently, at June 30, 2015 the total amount committed for next year's projected operating deficit is \$300,000.

#### Assigned Fund Balance Policy

The School District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Business Manager.

The capital project fund, formerly the capital reserve fund, is funded by a transfer determined annually from the general fund. At June 30, 2015 the total amount assigned for future capital projects which have not been specifically identified by the committee was \$5,163,534.

### NOTE L – DEFINED BENEFIT PENSION PLAN (GASB 27)

#### 1. Summary of Significant Accounting Policies

##### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms investments are reported at fair value.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE L – DEFINED BENEFIT PENSION PLAN (GASB 27) (CONTINUED)

#### *General Information about the Pension Plan*

##### Plan description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

##### Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE L – DEFINED BENEFIT PENSION PLAN (GASB 27) (CONTINUED)

#### Contributions

##### Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

##### Employer Contributions:

The School Districts' contractually required contribution rate for fiscal year ended June 30, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$3,500,000 for the year ended June 30, 2015.

## **2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the District reported a liability \$69,543,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2013 to June 30, 2014. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2014, the District's proportion was .1757% percent, which was a decrease of .0048% from its proportion measured as of June 30, 2013.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE L – DEFINED BENEFIT PENSION PLAN (GASB 27) (CONTINUED)

For the year ended June 30, 2015, the School District recognized pension expense of \$5,708,000. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Contributions subsequent to the measurement date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	-	(4,972,000)
Changes in proportions	-	(1,583,000)
Difference between employer share contributions and proportionate of total contributions	-	-
Contributions subsequent to the measurement date	<u>4,583,813</u>	<u>-</u>
	<u>\$4,583,813</u>	<u>\$(6,555,000)</u>

\$4,583,813 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(\$1,624,000)
2017	( 1,624,000)
2018	( 1,624,000)
2019	( 57,000)

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE L – DEFINED BENEFIT PENSION PLAN (GASB 27) (CONTINUED)

#### Actuarial assumptions

The total pension liability as of June 30, 2014 was determined by rolling forward the System's total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level% of pay
- Investment return - 7.50%, includes inflation at 3.00%
- Salary increases - Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1 %, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and-inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE L – DEFINED BENEFIT PENSION PLAN (GASB 27) (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public markets global equity	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long treasuries	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	0.9%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/Infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	( 9%)	1.1%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2014.

#### Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE L – DEFINED BENEFIT PENSION PLAN (GASB 27) (CONTINUED)**

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	<b>1% Decrease <u>6.50%</u></b>	<b>Current Discount Rate <u>7.50%</u></b>	<b>1% Rate Increase <u>8.50%</u></b>
District's proportionate share of the net pension liability	\$86,746,000	\$69,543,000	\$54,857,000

*Pension plan fiduciary net position*

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**NOTE M – POST-EMPLOYMENT BENEFITS**

*Plan Description*

In addition to the Pension benefits described in Note L, 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.

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, 2015, 105 retired employees are covered by health insurance.

*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 of the retirees 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.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE M – POST-EMPLOYMENT BENEFITS (CONTINUED)

The School District's annual Other Post Employment Benefit ("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	\$1,198,124
Adjustment to ARC	( 73,225)
Annual OPEB cost	<u>\$1,124,899</u>
Annual OPEB cost Contribution made	<u>\$1,124,899</u> <u>( 792,100)</u>
Increase in net OPEB obligation	\$ 332,799
Net OPEB obligation from prior year	<u>751,517</u>
Total post-employment benefit obligation	<u>\$1,084,316</u>

#### Other information:

Actuarial valuation was performed as of July 1, 2014

Actuarial value of plan assets	\$ -
Actuarial accrued liability	7,115,000
Total unfunded actuarial accrued liability	7,115,000
Annual payroll for active participants	22,680,000
Ratio of unfunded accrued liability to covered payroll	31.37%

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.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE M – POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions. Projects 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, 2012 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.

### NOTE N – FOOD SERVICE FUND

The Food Service Fund adheres to the Pennsylvania Department of Education prescribed modified enterprise fund method of accounting. Under this full accrual method of accounting, donated commodities received by the Food Service Fund are included in inventory at cost figures provided by the Pennsylvania Department of Agriculture.

The School District does not attempt to allocate “building-wide costs” to the Food Service Fund. Thus, General Fund expenditures which partially benefit the Food Service Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the Food Service Fund; similarly, the Food Service Fund does not recognize cost for the building space it occupies (no rental of facilities expense).

At June 30, 2015 the Food Service Fund working capital was \$789,081.

### NOTE O – JOINT VENTURES

The School District is one of the member districts of Crawford County Career and Technical Center (CCCTC). Each District elects three members to the operating committee of CCCTC. Each District is responsible for a portion of CCCTC’s operating budget based on student enrollment. For the year ended June 30, 2015, the School District’s share was \$1,007,159 towards the operating budget and \$181,160 towards the debt. These amounts are recorded as an expense of the general fund.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE O – JOINT VENTURES (CONTINUED)

<u>Member Districts</u>	<u>ADM%</u>	<u>Total ADM Expenditures</u>
Conneaut	27.90	\$ 931,483
Crawford	35.57	1,187,636
Penncrest	<u>36.53</u>	<u>1,219,515</u>
	<u>100.00</u>	<u>\$3,338,634</u>

The districts pay eight installments to the CCCTC based on the expenditures in the CCCTC's annual budget. The difference between the payments made and the actual expenditures, as computed above, is refunded or paid back to the home schools at year end as necessary. Audited financial statements for the year ended June 30, 2015 for the CCCTC are available at its business office.

The School District is a participating member of the Northwest Tri-County Intermediate Unit (I.U.). All member districts operate under an agreement to proportionately pay for the cost of commonly shared services. The cost for operating costs is deducted from the school district subsidy each year. Crawford Central School District's proportionate share totaled \$209,500 for 2014-2015. The School District also contracts with the I.U. to provide special education services. The total charge for services provided by the I.U. was \$789,696 for the 2014-2015 fiscal year. Audited financial statements for the year ended June 30, 2015 for the Northwest Tri-County Intermediate Unit are available at its business office.

### NOTE P – CONCENTRATION OF REVENUE

Of the School District's total general fund's receipts, approximately 44% and 52% are derived from taxes and federal and state subsidies/grants, respectively for the fund financial statements and 44% and 56% are derived for the government-wide financial statements. Taxes consist of the collection of real estate, income and other taxes. Federal and state subsidies/grants consist of operating subsidies and grants used to finance the programs and operations of the School District.

### NOTE Q – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District currently reports its risk management activities in the general fund.

The School District carries commercial insurance for all types of loss, including workers' compensation. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

# CRAWFORD CENTRAL SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE R – CONTINGENT LIABILITIES

#### Grant Programs

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 non-compliance which would result in the disallowance of program expenditures.

### NOTE S – SELF-INSURANCE DENTAL AND VISION

During the year ended June 30, 2015, employees of the School District were covered by the School District's dental and vision self-insurance plan (the "Plan"). The School District contributed approximately \$50 per month, per employee to the Plan. Claims were paid by a third-party administrator acting on behalf of the School District.

Claims asset liability, 06/30/14	\$ -
Current year premiums	268,597
Current year claims payments and administration	( 268,597)
Claims asset liability, 06/30/15	<u>\$ -</u>

Future liability 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 T – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the School District in estimating its fair value disclosures for financial instruments:

Investments: Valued at amortized cost, which approximates fair value.

The fair value measurements and disclosures topic of the Financial Accounting Standards Board Accounting Standards Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

**CRAWFORD CENTRAL SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE T – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the School District’s fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	<u>Fair Value Measurements at June 30, 2015</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments (See Note D)	<u>\$9,926,276</u>	<u>\$ -</u>	<u>\$9,926,276</u>	<u>\$ -</u>

**NOTE U – RESTATEMENT**

The adoption of GASB 68 requires the School District to recognize a net pension liability. This practice is different from the previous method which did not recognized any liability. The net pension liability at June 30, 2014 was \$73,890,000, a corresponding decrease in the beginning net position on the Statement of Activities for the year ended June 30, 2015 has been made to reflect this new pronouncement.

**Crawford Central School District**  
**SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**For the Year Ended June 30, 2015**

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The schedules of Funding Progress and Employer Contributions related to Other Post Employment Benefit Plan (OPEB) are as follows:

**SCHEDULE OF FUNDING PROGRESS**

(\$000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b - a)	Funded Ration (a / b)	Covered Payroll (c)	UAL as of Percentage of Covered Payroll ((b - a) / c)
July 1, 2014	\$-0-	\$7,115	\$7,115	0.0%	\$22,680	31.37%
July 1, 2012	\$-0-	\$8,275	\$8,275	0.0%	\$24,424	33.88%
July 1, 2010	\$-0-	\$8,606	\$8,606	0.0%	\$24,723	34.81%
July 1, 2008	\$-0-	\$8,172	\$8,172	0.0%	\$23,187	35.24%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

(\$000's)

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$1,125	70.4%	\$1,084
June 30, 2014	\$1,193	84.6%	\$752
June 30, 2013	\$1,173	82.0%	\$568
June 30, 2012	\$1,113	99.9%	\$357
June 30, 2011	\$1,099	96.7%	\$356
June 30, 2010	\$1,003	86.0%	\$320
June 30, 2009	\$ 983	81.7%	\$180

See independent auditor's report

**Crawford Central School District**  
**Activity Funds**  
**Schedule of Fiduciary Net Position**  
**June 30, 2015**

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	Meadville Area <u>Senior High</u>	Cochranton Area Junior- <u>Senior High</u>	Meadville Area <u>Middle School</u>	<u>Total</u>
<b>Assets</b>				
Cash	<u>\$ 79,347</u>	<u>\$ 36,051</u>	<u>\$ 15,634</u>	<u>\$ 131,032</u>
<b>Liabilities</b>				
Due to student groups	<u>79,347</u>	<u>36,051</u>	<u>15,634</u>	<u>131,032</u>
<b>Net Position</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

See independent auditor's report

**Crawford Central School District**  
**Trust Funds**  
**Schedule of Trust Funds**

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**NET POSITION**  
**June 30, 2015**

<b>Assets</b>		
Cash		\$ 64
Certificates of deposit		<u>216,310</u>
		<u>216,374</u>
<b>Liabilities</b>		
Due to other funds		<u>6,953</u>
<b>Net Position</b>		
Restricted for legal purposes		<u><u>\$ 209,421</u></u>

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**For the Year Ended June 30, 2015**

	Net Position June 30, 2014	Revenues	Expenditures	Net Position June 30, 2015
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Barco/Duratz Scholarship Trusts	\$ 195,437	\$ 3,174	\$ 7,036	\$ 191,575
Russell L. Graham Memorial Fund	<u>18,181</u>	<u>265</u>	<u>600</u>	<u>17,846</u>
<b>Total funds</b>	<u><u>\$ 213,618</u></u>	<u><u>\$ 3,439</u></u>	<u><u>\$ 7,636</u></u>	<u><u>\$ 209,421</u></u>

See independent auditors' report



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**INDEPENDENT AUDITOR'S 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***

Board of Directors of the  
Crawford Central School District

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of Crawford Central School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Crawford Central School District's basic financial statements, and have issued our report thereon dated January 25, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 Crawford Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all 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 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.

*McGill, Power, Bell & Associates, LLP*

McGill, Power, Bell & Associates, LLP

January 25, 2016  
Meadville, Pennsylvania



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors of the  
Crawford Central School District

**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, 2015. Crawford Central School District's major federal programs are identified in the summary of auditor's 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.

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, 2015.

### **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.

Our consideration of 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.

*McGill, Power, Bell & Associates, LLP*

McGill, Power, Bell & Associates, LLP

January 25, 2016  
Meadville, Pennsylvania

**Crawford Central School District**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2015**

Grantor Program Title	CFDA Number	Grantor Contract Number	Grant Period Beginning/Ending Date		Total Received For Year	Accrued (Deferred) Revenue 7/1/2014	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2015
U.S Department of Education									
Passed through PA Dept. of Education									
Title I Grants to Local Educational Agencies	84.010	N/A	07/01/12-09/30/13		\$ -	\$ (9,199)	\$ 9,199	\$ 9,199	\$ -
Title I Grants to Local Educational Agencies	84.010	N/A	07/01/13-09/30/14		1,175,719	364,612	811,107	811,107	-
Title I Grants to Local Educational Agencies	84.010	N/A	07/01/14-09/30/15		807,461	-	1,125,489	1,125,489	318,028
Program Improvement - Set Aside	84.010	N/A	07/01/13-09/30/14		-	(30,028)	30,028	30,028	-
				F	1,983,180	325,385	1,975,823	1,975,823	318,028
Improving Teacher Quality State Grants	84.367	N/A	07/01/12-09/30/13		-	(2,503)	2,503	2,503	-
Improving Teacher Quality State Grants	84.367	N/A	07/01/13-09/30/14		145,593	5,464	140,129	140,129	-
Improving Teacher Quality State Grants	84.367	N/A	07/01/14-09/30/15		222,101	-	252,118	252,118	30,017
				F	367,694	2,961	394,750	394,750	30,017
Rural and Low Income Schools	84.358	N/A	07/01/12-09/30/13		42,887	-	42,887	42,887	-
Rural and Low Income Schools	84.358	N/A	07/01/13-09/30/14		-	(12,775)	12,775	12,775	-
Rural and Low Income Schools	85.358	N/A	07/01/14-09/30/15		75,363	-	64,148	64,148	(11,215)
				F	118,250	(12,775)	119,810	119,810	(11,215)
					2,469,124	315,571	2,490,383	2,490,383	336,830
Passed through Northwest Tri-County Intermediate Unit									
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	07/01/13-06/30/14	F	800,831	11,135	809,696	809,696	20,000
Total U.S. Department of Education					3,269,955	326,706	3,300,079	3,300,079	356,830
U.S. Department of Agriculture									
Passed through PA Dept. of Education									
School Breakfast Program (SBP)	10.553	365	07/01/13-06/30/14		35,715	35,715	-	-	-
School Breakfast Program (SBP)	10.553		07/01/14-06/30/15		173,536	-	207,123	207,123	33,587
				F	209,251	35,715	207,123	207,123	33,587
National School Lunch Program (NSLP)	10.555	362	07/01/13-06/30/14		115,442	115,442	-	-	-
National School Lunch Program (NSLP)	10.555	362	07/01/14-06/30/15		644,748	-	748,327	748,327	103,579
				F	760,190	115,442	748,327	748,327	103,579
Fresh Fruits and Vegetables Program	10.582	362	07/01/13-06/30/14	F	4,385	4,385	-	-	-
Fresh Fruits and Vegetables Program	10.582	362	07/01/14-06/30/15	F	20,468	-	22,206	22,206	1,738
					24,853	4,385	22,206	22,206	1,738
School Breakfast Program	N/A	511/513	07/01/13-06/30/14	S	2,061	2,061	-	-	-
School Breakfast Program	N/A	511/513	07/01/14-06/30/15	S	9,806	-	11,694	11,694	1,888
National School Lunch Program	N/A	510/512	07/01/13-06/30/14	S	6,299	6,299	-	-	-
National School Lunch Program	N/A	510/512	07/01/14-06/30/15	S	34,506	-	40,059	40,059	5,553
					52,672	8,360	51,753	51,753	7,441

Grantor Program Title	CFDA Number	Grantor Contract Number	Grant Period Beginning/ Ending Date	Total Received For Year	Accrued (Deferred) Revenue 7/1/2014	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2015
U.S. Department of Agriculture Passed through PA Dept. of Agriculture								
Value of USDA Donated Commodities	10.555	N/A	07/01/14-06/30/15	F 82,231	21,926	90,374	90,374	13,783
Total U.S. Department of Agriculture				1,129,197	185,828	1,119,783	1,119,783	160,128
U.S. Department of Health and Human Services Passed through PA Dept. of Education								
Medical Assistance - Administration	93.778	N/A	07/01/13-06/30/14	21,926	21,926	-	-	-
Medical Assistance - Administration	93.778	N/A	07/01/14-06/30/15	20,147	-	47,401	47,401	27,254
Total U.S. Department of Health and Human Services				F 42,073	21,926	47,401	47,401	27,254
Total Expenditures of Federal and State Awards				\$ 4,441,225	\$ 534,460	\$ 4,467,263	\$ 4,467,263	\$ 544,212

Coverage Test:

F Federal program	1,975,823
S State program	4,415,510

\* Selected for Testing = 45%

**Footnotes to Schedule**

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Crawford Central School District under programs of the federal government for the year ended June 30, 2015. 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 Crawford Central School District, it is not intended to and does not present the net position or changes in net position of Crawford Central School District.

**Note B - 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 certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C - Federal Revenues**

The funds passed through NW Tri-County Intermediate Unit are required to be reported as local revenue source per Pennsylvania Department of Education guidelines, and are reported as local on the Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund.

**Crawford Central School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2015**

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**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Crawford Central School District.
2. No significant deficiencies were disclosed during the audit of the financial statements as reported in the Independent Auditor's 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".
3. No instances of noncompliance material to the financial statements of the Crawford Central
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Crawford Central School District expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included: Title I Grants to Local Educational Agencies - CFDA # 84.010.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Organization qualified as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM  
AUDIT**

NONE