



Crawford Central School District

CRAWFORD CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION
AND REPORTS CONFORMING TO THE
SINGLE AUDIT ACT AMENDMENTS OF 1996
AND THE UNIFORM GUIDANCE
YEAR ENDED JUNE 30, 2016



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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, 2016, 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.

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, 2016, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions, on pages 4-11 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 the Crawford Central School District basic financial statements. The supplemental schedule of special accounts is presented for purposes of additional analysis and is 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 23, 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

December 23, 2016

CRAWFORD CENTRAL SCHOOL DISTRICT
Management Discussion and Analysis
For the Year Ended June 30, 2016

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, 2016. 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 (\$51,678,265). Net position (\$52,815,177) and \$1,136,912 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 15.62% of 2016-2017 budgeted expenditures and will necessitate the District to use or assign 7.62% within school year 2016-2017.
- Total governmental fund revenues were \$56,677,677 million. Of this amount 46.38% was local funding, 48.83% was state funding, and 4.79% was federal funding.
- The District's Food Service Fund had an increase in net position for the year in the amount of \$66,370. Net Position on June 30, 2016 is \$1,136,912.

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, 2016

(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, 2016
(Continued)

Financial Analysis of the District as a Whole

Table 1 shows that the District's total net position of (\$51,678,265) at June 30, 2016.

Table 1
Fiscal Year End June 30
Net Position

	2015			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$13,852,973	\$ 840,140	\$14,693,113	\$15,099,662	\$ 991,055	\$ 16,090,717
Noncurrent Assets	<u>63,791,021</u>	<u>281,461</u>	<u>64,072,482</u>	<u>62,263,886</u>	<u>207,970</u>	<u>62,471,856</u>
Total Assets	<u>\$77,643,994</u>	<u>\$1,121,601</u>	<u>\$78,765,595</u>	<u>\$77,363,548</u>	<u>\$1,199,025</u>	<u>\$ 78,562,573</u>
Deferred Outflows of Resources	\$ 68,959	\$ -	\$ 68,959	\$ 2,289,342	\$ -	\$ 2,289,342
Current Liabilities	\$ 9,164,129	\$ 51,059	\$ 9,215,188	\$ 9,784,608	\$ 62,113	\$ 9,846,721
Noncurrent Liabilities	<u>116,188,522</u>	<u>-</u>	<u>116,188,522</u>	<u>121,006,459</u>	<u>-</u>	<u>121,006,459</u>
Total Liabilities	<u>125,352,651</u>	<u>51,059</u>	<u>125,403,710</u>	<u>130,791,067</u>	<u>62,113</u>	<u>130,853,180</u>
Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ 1,677,000	\$ -	\$ 1,677,000
Invested In Capital Assets	6,796,588	281,461	7,078,049	7,706,932	207,970	7,914,902
Unrestricted	<u>(54,436,286)</u>	<u>789,081</u>	<u>(53,647,205)</u>	<u>(60,522,109)</u>	<u>928,942</u>	<u>(59,593,167)</u>
Total Net Position	<u>(47,639,698)</u>	<u>1,070,542</u>	<u>(46,569,156)</u>	<u>(52,815,177)</u>	<u>1,136,912</u>	<u>(51,678,265)</u>
Total Liabilities and Net Position	<u>\$77,712,953</u>	<u>\$1,121,601</u>	<u>\$78,834,554</u>	<u>\$79,652,890</u>	<u>\$1,199,025</u>	<u>\$80,851,915</u>

CRAWFORD CENTRAL SCHOOL DISTRICT
Management Discussion and Analysis
For the Year Ended June 30, 2016
(Continued)

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

The following table takes a look at the Districts revenues and expenses for the year. The District had a decrease in net assets of \$(3,137,922) for the year ending June 30, 2016.

Table 2
Fiscal Year End June 30
Changes in Net Position

	2015			2016		
	Governmental Activities	Business-type Activities	Total District	Governmental Activities	Business-type Activities	Total District
Program Revenues						
Charges for services	\$ 227,302	\$ 420,254	\$ 647,556	\$ 257,120	\$ 412,780	\$ 669,900
Operating Grants & Contributions	31,214,091	1,169,801	32,383,892	30,670,184	1,268,420	31,938,604
General Revenues						
Property Taxes	21,464,563	-	21,464,563	21,450,516	-	21,450,516
Other Taxes	2,993,920	-	2,993,920	2,980,740	-	2,980,740
Grants & Subsidies Not Restricted	111,258	-	111,258	50,707	-	50,707
Other	<u>196,453</u>	<u>13</u>	<u>196,466</u>	<u>472,261</u>	<u>6</u>	<u>472,267</u>
Total Revenues	<u>\$56,207,587</u>	<u>1,590,068</u>	<u>57,797,655</u>	<u>\$55,881,328</u>	<u>1,681,206</u>	<u>57,562,734</u>
Expenses						
Instruction	31,285,802	-	31,285,802	38,170,830	-	38,170,830
Instruction Student Support						
Support Staff	5,329,147	-	5,329,147	5,356,485	-	5,356,485
Administration & Business	2,240,781	-	2,240,781	4,694,694	-	4,694,694
Oper & Maint of Plant Services	4,189,680	-	4,189,680	4,140,542	-	4,140,542
Student Transportation	3,937,818	-	3,937,818	3,762,176	-	3,762,176
Non-Instructional services	2,434,283	-	2,434,283	2,961,093	-	2,961,093
Food Service	<u>-</u>	<u>1,583,141</u>	<u>1,583,141</u>	<u>-</u>	<u>1,614,836</u>	<u>1,614,836</u>
Total Expenses	<u>49,917,511</u>	<u>1,583,141</u>	<u>51,500,652</u>	<u>59,085,820</u>	<u>1,614,836</u>	<u>60,700,656</u>
Excess/deficiency before transfers	6,290,076	6,927	6,297,003	(3,204,292)	66,370	(3,137,922)
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase/(Decrease) In Net Position	<u>\$ 6,290,076</u>	<u>\$ 6,927</u>	<u>\$ 6,297,003</u>	<u>\$ (3,204,292)</u>	<u>\$ 66,370</u>	<u>\$(3,137,922)</u>

CRAWFORD CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

For the Year Ended June 30, 2016

(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

Functions/Programs	2015		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$31,285,802	\$ 5786,059	\$38,170,830	\$ 12,453,038
Instruction Student Support				
Support Staff	5,329,147	4,913,820	5,356,485	4,888,808
Administration & Business	2,240,781	1,915,032	4,694,694	4,304,210
Oper & Maint of Plant Services	4,189,680	950,051	4,140,542	1,787,323
Student Transportation	3,937,818	2,149,004	3,762,176	1,979,646
Non-Instructional services				
Student Activities	858,911	686,805	1,075,600	859,998
Community Services	67,928	67,903	49,012	49,012
Interest on Long-Term Debt	2,007,444	2,007,444	1,836,481	1,836,481
 Total Governmental Activities	 <u>\$49,917,511</u>	 18,476,118	 <u>\$59,085,820</u>	 28,158,516
Less:				
Unrestricted Grants & Subsidies		(111,258)		(50,707)
 Total needs from local taxes and other revenues		 <u>\$18,364,860</u>		 <u>\$28,107,809</u>

CRAWFORD CENTRAL SCHOOL DISTRICT
Management Discussion and Analysis
For the Year Ended June 30, 2016
(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

	2015		2016	
	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>\$ 1,583,141</u>	<u>(\$6,927)</u>	<u>\$ 1,614,836</u>	<u>(\$66,370)</u>
Net Income/(Loss)		<u>(\$6,927)</u>		<u>(\$66,370)</u>

The Business-type activities, which accounts for our Food Service operation, reported an \$66,370 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, 2016 the District's governmental funds reported a combined fund balance of \$17,047,851. The General Fund accounted for \$15,956,605 of the \$17,047,851. Of the \$15,956,605 in the General Fund, \$1,160,000 was committed to the 2016-2017 budget and \$441,164 was nonspendable. Assigned to future capital projects within the district is \$5,163,534. Unassigned fund balance amounted to \$9,191,907 or 15.62% 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, 2016
(Continued)

Capital Assets

At June 30, 2016, the District had \$52,053,762 invested in a broad range of capital assets, net of accumulated depreciation. This amount represents a net decrease (including additions, deletions, and depreciation) of \$(1,810,985) from the prior year. Table 5 shows the breakdown of these capital assets.

Table 5
June 30, 2016

Capital Assets	Total
Land	\$ 311,788
Site Improvements	556,633
Buildings & Improvements	49,668,798
Furniture & Equipment	1,516,543
Total Capital Assets	<u>\$52,053,762</u>

Debt Administration

At June 30, 2016, the District's obligation for payment for outstanding bonds was \$43,900,000. This represents a net decrease of \$2,660,000 from the prior year. Other obligations included accrued compensated absences for specific employees of the District.

Looking Forward

Crawford Central School District is committed to being fiscally responsible. Actual 2015-2016 revenue was \$1,265,801 less than expected. However, the District was able to increase the Fund Balance by spending \$3,073,401 less than the District's final budget. The 2016-2017 Budgeted expenditures were increased 1.44% or \$833,207 over the 2015-2016 adopted budget. The adopted budget for 2016-2017 also reflects an increase in local revenue due to a one millage rate increase. This increase was necessary to offset a retirement rate contribution increase of 4.19% along with contractual salary and health benefit increases. The District has been able to cut in other areas to keep expenditure increases to a minimum.

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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Crawford Central Invest in the Future Foundation
ASSETS				
Current assets				
Cash	\$ 10,830,778	\$ 293,610	\$ 11,124,388	\$ 22,869
Accounts receivable	-	7,660	7,660	-
Taxes receivable, net	2,620,279	-	2,620,279	-
Due from other governments	1,207,441	165,684	1,373,125	-
Due from other funds	-	373,526	373,526	-
Inventories	-	30,490	30,490	-
Prepaid expenses	441,164	120,085	561,249	-
Total current assets	15,099,662	991,055	16,090,717	22,869
Noncurrent assets				
Capital assets				
Land	311,788	-	311,788	-
Property, plant and equipment, net	51,741,974	207,970	51,949,944	-
Total capital assets	52,053,762	207,970	52,261,732	-
Investments	10,210,124	-	10,210,124	-
Total noncurrent assets	62,263,886	207,970	62,471,856	-
Total assets	77,363,548	1,199,025	78,562,573	22,869
Deferred outflows of resources				
Deferred pension outflows	2,289,342	-	2,289,342	-
LIABILITIES				
Current liabilities				
Due to other funds	373,351	-	373,351	175
Accounts payable	643,929	47,617	691,546	274
Accrued salaries and related payroll deductions	4,875,972	3,734	4,879,706	-
Accrued interest payable	604,442	-	604,442	-
Current portion of bonds payable	3,242,435	-	3,242,435	-
Unearned revenues	44,479	10,762	55,241	-
Total current liabilities	9,784,608	62,113	9,846,721	449
Noncurrent liabilities				
Bonds payable	41,104,395	-	41,104,395	-
Post-employment benefits	1,511,705	-	1,511,705	-
Pension liability	77,231,000	-	77,231,000	-
Compensated absences	1,148,547	-	1,148,547	-
Deposits payable	10,812	-	10,812	-
Total noncurrent liabilities	121,006,459	-	121,006,459	-
Total liabilities	130,791,067	62,113	130,853,180	449
Deferred inflows of resources				
Deferred pension inflows	1,677,000	-	1,677,000	-
NET POSITION				
Invested in capital assets, net of related debt	7,706,932	207,970	7,914,902	-
Unrestricted	(60,522,109)	928,942	(59,593,167)	22,420
Total net position	\$ (52,815,177)	\$ 1,136,912	\$ (51,678,265)	\$ 22,420

See accompanying notes to financial statements

Crawford Central School District
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Crawford Central Invest in the Future Foundation
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-type Activities	Total	
Governmental activities								
Instruction	\$ 38,170,830	\$ 129,186	\$ 25,588,806	\$ -	\$ (12,453,038)	\$ -	\$ (12,453,038)	\$ -
Instructional student support	5,356,485	-	467,577	-	(4,888,908)	-	(4,888,908)	(1,356)
Administrative and financial support	4,694,694	-	390,484	-	(4,304,210)	-	(4,304,210)	-
Operation and maintenance of plant	4,140,542	-	318,582	2,034,637	(1,787,323)	-	(1,787,323)	-
Student transportation	3,762,176	-	1,782,530	-	(1,979,646)	-	(1,979,646)	-
Student activities	1,075,600	127,994	87,668	-	(859,998)	-	(859,998)	-
Community services	49,012	-	-	-	(49,012)	-	(49,012)	-
Interest on long-term debt	1,836,481	-	-	-	(1,836,481)	-	(1,836,481)	-
Total governmental activities	59,085,820	257,120	28,635,547	2,034,637	(28,158,516)	-	(28,158,516)	(1,356)
Business-type activities								
Food service	1,614,836	412,780	1,260,760	-	-	58,704	58,704	-
Total	\$ 60,700,656	\$ 669,900	\$ 29,896,307	\$ 2,034,637	(28,158,516)	58,704	(28,099,812)	(1,356)
General revenues								
Property taxes					21,450,516	-	21,450,516	-
Per capita taxes					68,614	-	68,614	-
Realty transfer tax					275,385	-	275,385	-
Earned income taxes					2,608,326	-	2,608,326	-
Public utility realty tax					28,415	-	28,415	-
Grants, subsidies and contributions not restricted					50,707	-	50,707	1,100
Investment earnings					308,182	6	308,188	-
Miscellaneous income					171,739	-	171,739	-
Transfers (net)					(7,660)	7,660	-	-
Total general revenues					24,954,224	7,666	24,961,890	1,100
Change in net position					(3,204,292)	66,370	(3,137,922)	(256)
Net position, July 1, 2015, as originally stated					(47,639,698)	1,070,542	(46,569,156)	22,676
Prior period restatement (Note T)					(1,971,187)	-	(1,971,187)	-
Net position, July 1, 2015, as restated					(49,610,885)	1,070,542	(48,540,343)	22,676
Net position, June 30, 2016					\$ (52,815,177)	\$ 1,136,912	\$ (51,678,265)	\$ 22,420

See accompanying notes to financial statements

Crawford Central School District

Balance Sheet

Governmental Funds

June 30, 2016

	<u>General Fund</u>	<u>Capital Projects Fund (Major Fund)</u>	<u>Total Government Funds</u>
Assets			
Cash	\$ 9,667,079	\$ 1,163,699	\$ 10,830,778
Investments	10,210,124	-	10,210,124
Taxes receivable	2,742,040	-	2,742,040
Due from other governments	1,207,441	-	1,207,441
Prepaid expenses	441,164	-	441,164
Total assets	<u>\$ 24,267,848</u>	<u>\$ 1,163,699</u>	<u>\$ 25,431,547</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 571,476	\$ 72,453	\$ 643,929
Accrued salaries and related payroll deductions	4,875,972	-	4,875,972
Due to other funds	373,351	-	373,351
Unearned revenue	44,479	-	44,479
Other noncurrent liabilities	10,812	-	10,812
Total liabilities	<u>5,876,090</u>	<u>72,453</u>	<u>5,948,543</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	2,435,153	-	2,435,153
Fund balances			
Nonspendable	441,164	-	441,164
Committed	1,160,000	1,091,246	2,251,246
Assigned	5,163,534	-	5,163,534
Unassigned	9,191,907	-	9,191,907
Total fund balances	<u>15,956,605</u>	<u>1,091,246</u>	<u>17,047,851</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,267,848</u>	<u>\$ 1,163,699</u>	<u>\$ 25,431,547</u>

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, 2016

Total fund balances - governmental funds \$ 17,047,851

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. 52,053,762

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. 2,313,392

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	(44,346,830)
Accrued interest on the bonds	(604,442)
Post-employment benefits	(1,511,705)
Net pension liability	(76,618,658)
Compensated absences	<u>(1,148,547)</u>

Total net position - governmental activities \$ (52,815,177)

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, 2016

	General Fund	Capital Projects Fund (Major Fund)	Total Government Funds
Revenues and other financing sources			
Revenues			
Local sources	\$ 26,154,488	\$ 712	\$ 26,155,200
State sources	27,677,101	-	27,677,101
Federal sources	1,915,436	-	1,915,436
Other financing sources			
Interfund transfers	-	800,000	800,000
Refund of prior years expenditure	123,090	-	123,090
Other income	6,850	-	6,850
Total revenues and other financing sources	55,876,965	800,712	56,677,677
Expenditures and other financing uses			
Expenditures			
Instruction	31,619,795	-	31,619,795
Support services	16,306,263	-	16,306,263
Operation of non-instructional services	1,049,902	-	1,049,902
Facilities acquisition and improvements	-	969,225	969,225
Other financing uses			
Debt service	4,511,258	-	4,511,258
Refund of prior years revenue	37,095	-	37,095
Interfund transfers	807,660	-	807,660
Total expenditures and other financing uses	54,331,973	969,225	55,301,198
Revenues and other financing sources over (under) expenditures and other financing uses	1,544,992	(168,513)	1,376,479
Fund balance, July 1, 2015	14,411,613	1,259,759	15,671,372
Fund balance, June 30, 2016	\$ 15,956,605	\$ 1,091,246	\$ 17,047,851

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, 2016

Total net changes in fund balance - governmental funds \$ 1,376,479

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	1,080,631	
Depreciation	<u>2,891,616</u>	(1,810,985)

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. 2,660,000

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. 11,511

Other - Change in compensated absences	75,787	
Change in post-employment benefits payable	(427,389)	
Change in pension liability	(5,104,471)	
Amortization of premium and discount	61,327	
Amortization of loss on refunding to interest expense	(68,960)	
Accrued interest on bonds	<u>22,409</u>	
		<u>(5,441,297)</u>

Change in net position of governmental activities \$ (3,204,292)

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, 2016

	Budgeted Amounts	Variance - Original with Final Budget Positive (Negative)	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgetary Basis to GAAP Difference	Actual Amounts GAAP Basis
	Original	Final				
Revenues						
Local revenue	\$ 26,445,272	\$ 26,519,992	\$ 74,720	\$ (365,504)	\$ 11,509	26,165,997
State program revenue	28,259,657	28,259,657	-	(582,556)	-	27,677,101
Federal program revenue	2,117,405	2,238,177	115,772	(317,741)	-	1,915,436
Total revenues	56,822,334	57,012,826	190,492	(1,265,801)	11,509	55,758,534
Expenditures						
Instruction	33,359,096	33,293,937	65,159	1,674,142	6,513,941	38,133,736
Support services	17,286,473	17,515,751	(229,278)	1,209,488	1,683,557	17,989,820
Student activities	1,163,271	1,159,833	(6,562)	158,909	74,676	1,075,600
Community service	55,877	58,388	(2,511)	9,410	34	49,012
Debt service	4,532,710	4,532,710	-	21,452	(2,674,777)	1,836,481
Total expenditures	56,387,427	56,560,619	(173,192)	3,073,401	5,597,431	59,084,649
Excess (deficiency) of revenues over expenditures	434,907	452,207	17,300	1,807,600	5,608,940	(3,326,115)
Other financing sources (uses)						
Transfers out	(800,000)	(807,700)	(7,700)	40	-	(807,660)
Refund of prior year revenue	-	(9,600)	(9,600)	(27,495)	-	(37,095)
Other income	-	-	-	6,850	-	6,850
Refund of prior year expenditures	85,000	85,000	-	38,090	-	123,090
Budgetary reserve	(869,407)	(869,407)	-	869,407	-	-
Total other financing sources (uses)	(1,584,407)	(1,601,707)	(17,300)	886,892	-	(714,815)
Net change in fund balances	(1,149,500)	(1,149,500)	-	2,694,492	5,608,940	(4,040,930)
Fund balance - July 1, 2015	12,643,733	12,643,733	-	1,767,880	(67,253,441)	(52,841,828)
Fund balance - June 30, 2016	\$ 11,494,233	\$ 11,494,233	\$ -	\$ 4,462,372	\$ (61,644,501)	\$ (45,687,896)

See accompanying notes to financial statements

Crawford Central School District
Statement of Net Position
Proprietary Fund - Food Service
June 30, 2016

Assets

Current assets

Cash	\$ 293,610
Accounts receivable	7,660
Due from other governments	165,684
Due from other funds	373,526
Inventories	30,490
Prepaid expenses	120,085

Total current assets	991,055
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Noncurrent assets

Furniture and equipment	1,697,328
Accumulated depreciation	(1,489,358)

Total noncurrent assets	207,970
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Total assets	1,199,025
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Liabilities

Current liabilities

Accounts payable	47,617
Accrued expenses	3,734
Unearned revenues	10,762

Total current liabilities	62,113
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Net position

Invested in capital assets net of related debt	207,970
Unrestricted	928,942

Total net position	\$ 1,136,912
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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, 2016

Operating revenue	
Food service revenue	\$ 412,780
Operating expenses	
Salaries	445,084
Employee benefits	179,753
Food purchases	521,774
Food management services	260,004
Repairs and maintenance	23,762
Supplies	103,931
Depreciation	80,486
Other expenses	42
	<hr/>
Total operating expenses	1,614,836
	<hr/>
Operating income (loss)	(1,202,056)
Nonoperating revenues (expenses)	
Local sources	325
State sources	129,702
Federal sources	1,130,739
Transfers	7,660
	<hr/>
Total nonoperating revenues	1,268,426
	<hr/>
Net income	66,370
Net position, July 1, 2015	<hr/> 1,070,542
Net position, June 30, 2016	<hr/> <u>\$ 1,136,912</u>

See accompanying notes to financial statements

Crawford Central School District
Statement of Cash Flows
Proprietary Fund Type
June 30, 2016

	<u>Food Service</u>
Cash flows from operating activities	
Cash received from users	\$ 410,265
Cash payments to employees for services	(623,667)
Cash payments to suppliers for goods and services	(911,448)
Cash payments for other operating expenses	<u>(56,229)</u>
Net cash provided by (used for) operating activities	<u>(1,181,079)</u>
Cash flows from non-capital financing activities	
Local sources	325
State sources	129,095
Federal sources	1,112,006
Operating transfers in (out)	<u>7,660</u>
Net cash provided by (used for) non-capital financing activities	<u>1,249,086</u>
Cash flows from capital and related financing activities	
Purchase of furniture and equipment	<u>(6,995)</u>
Net increase (decrease) in cash	61,012
Cash, July 1, 2015	<u>232,598</u>
Cash, June 30, 2016	<u>\$ 293,610</u>
Cash flows from operating activities	
Operating income (loss)	\$ (1,202,056)
Adjustments to reconcile operating income (loss) to net cash provided by (used for)	
Depreciation	80,486
(Increase) decrease in due from other funds	(56,187)
(Increase) decrease in accounts receivable	2,241
(Increase) decrease in inventories	(16,617)
Increase (decrease) in accounts payable	14,640
Increase (decrease) in accrued expenses	1,170
Increase (decrease) in deferred revenues	<u>(4,756)</u>
Cash provided by (used for) total operating activities	<u>\$ (1,181,079)</u>

See accompanying notes to financial statements

Crawford Central School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Trust Funds	Agency Funds
Assets		
Cash	\$ 1,530	\$ 145,267
Certificates of deposit	204,877	-
Total assets	<u>206,407</u>	<u>145,267</u>
Liabilities		
Due to student groups	-	145,267
Net position		
Restricted for legal purposes	<u>206,407</u>	<u>-</u>
Total net position	<u>\$ 206,407</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, 2016

	<u>Trust Funds</u>
Additions	
Investment earnings	\$ 2,986
Other Revenue	<u>1,000</u>
	3,986
Deductions	
Scholarships awarded	<u>7,000</u>
Changes in net position	(3,014)
Net position, July 1, 2015	<u>209,421</u>
Net position, June 30, 2016	<u>\$ 206,407</u>

See accompanying notes to financial statements

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

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 Cochranton, 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, 2016.

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

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 School District has only one item that qualifies for reporting in this category. It is deferred outflows related to the pension reported on the statement of net position.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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 School District has two items that qualify for reporting in this category. They are delinquent taxes, reported in the balance sheet of the governmental fund statement and deferred inflows related to the pension reported on the statement of net position.

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),
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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reporting (Continued)

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, 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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 cost is recorded as an expenditure at the time the inventory is consumed.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2016, compensated absences were \$1,148,547 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

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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.

Review of Subsequent Events

In preparing these financial statements, Crawford Central School District has evaluated events and transactions for potential recognition or disclosure through December 23, 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, 2016 approximates market value. The School District has no investment policy that would further limit its investment choices.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE C – CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2016, 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.

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, 2016, 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	\$10,222,117	\$1,163,699	\$293,011	\$206,407	\$148,617	\$12,033,851
FDIC insured	(294,338)	-	-	(206,407)	(93,080)	(593,825)
Collateralized by securities held by the pledging financial institutions trust department	(9,927,779)	(1,163,699)	(293,011)	-	(55,537)	(11,440,026)
Non-collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amount	<u>\$9,667,079</u>	<u>\$1,163,699</u>	<u>\$293,610</u>	<u>\$206,407</u>	<u>\$145,267</u>	<u>\$11,476,062</u>

At June 30, 2016 the School District's deposits exceeded the \$250,000 Federal Depository Insurance Corporation limit by \$11,440,026 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).

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

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, 2016:

Cash equivalents	\$ 201,339
Fixed income securities	<u>10,008,785</u>
	<u>\$10,210,124</u>

NOTE E – TAX REVENUE AND RECEIVABLE

Property Tax

The School District's real property tax is based on the listed assessed value at January 1st and then levied July 1st of each year. The assessed valuation and millage rate for the year ended June 30, 2016 was as follows:

	<u>Assessable Base</u>	<u>Millage</u>
Mercer County	\$ 6,873,275	90.35
Crawford County	\$412,756,623	50.61

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 1st and are due December 31st. A 2% discount is permitted if paid prior to September 30th. A penalty of 10% is imposed after November 30th. The individual tax collectors settle and are exonerated for non-collections as of December 31st.

Taxes Receivable

Taxes receivable consist of the following at June 30, 2016:

Current revenues	
Delinquent real estate taxes	\$ 131,630
Real estate transfer tax	33,097
Earned income tax	<u>142,160</u>
Total current tax revenue	<u>306,887</u>

CRAWFORD CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

NOTE E – TAX REVENUE AND RECEIVABLE, (CONTINUED)

Delinquent real estate taxes	
Delinquent real estate assessments	2,435,153
Estimated uncollectible allowance	<u>(121,761)</u>
Total delinquent real estate taxes	<u>2,313,392</u>
Total taxes receivable	<u>\$2,620,279</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 \$2,435,153. The amounts shown as receivable include unsatisfied items for levies of years through 2015. Uncollectible tax allowance is estimated to be five percent of the total delinquent taxes.

NOTE F – DUE TO/FROM OTHER FUNDS

The due to/from other funds as of June 30, 2016 were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$373,351
Trusts Funds	-	175
Food Service Fund	<u>373,526</u>	<u>-</u>
	<u>\$373,526</u>	<u>\$373,526</u>

NOTE G – CAPITAL ASSETS

Proprietary Fund Type

The following is a summary of proprietary fund type fixed assets at June 30, 2016:

	<u>Balance 06/30/15</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 06/30/16</u>
Furniture and equipment	<u>\$1,690,333</u>	<u>\$6,995</u>	<u>\$ -</u>	<u>\$1,697,328</u>

Depreciation expense during the year ended June 30, 2016 was \$80,486.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

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>06/30/15</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/16</u>
Land	\$ 311,788	\$ -	\$ -	\$ 311,788
Buildings	84,180,855	821,800	-	85,002,655
Site improvements	2,420,382	7,680	-	2,428,062
Furniture, equipment and vehicles	14,331,355	704,061	(3,444,142)	11,591,274
Construction in progress	<u>452,910</u>	<u>-</u>	<u>(452,910)</u>	<u>-</u>
Total at Historical Cost	<u>101,697,290</u>	<u>1,533,541</u>	<u>(3,897,052)</u>	<u>99,333,779</u>
Less: Accumulated Depreciation				
Buildings	(33,040,345)	(2,293,512)	-	(35,333,857)
Site improvements	(1,796,975)	(74,454)	-	(1,871,429)
Furniture, equipment and vehicles	<u>(12,995,223)</u>	<u>(523,650)</u>	<u>3,444,142</u>	<u>(10,074,731)</u>
Total Accumulated Depreciation	<u>(47,832,543)</u>	<u>(2,891,616)</u>	<u>3,444,142</u>	<u>(47,280,017)</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,864,747</u>	<u>(\$1,358,075)</u>	<u>(\$ 452,910)</u>	<u>\$52,053,762</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$2,465,821
Instructional student support	142,059
Administrative and financial support	26,818
Operation and maintenance of plant	<u>256,918</u>
	<u>\$2,891,616</u>

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

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.

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 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 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 15th of each year, beginning in 2014. The bonds require semi-annual interest payments on February 15th and August 15th of each year, beginning August 15, 2012, with interest on the 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 15th of each year, beginning in 2014. The bonds require semi-annual interest payments on February 15th and August 15th of each year, beginning February 15, 2013, with interest 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 of 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 1st and August 1st of each year, beginning August 1st, 2015, with interest on the bonds ranging from 2.00% to 3.25%.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE H – LONG-TERM DEBT (CONTINUED)

The following summarizes the maturities and interest payments for the bonds payable as of June 30, 2016:

	Balance at <u>06/30/15</u>	<u>Issued</u>	<u>Retired</u>	Balance at <u>06/30/16</u>
Bond Series 2008B	\$ 1,660,000	\$ -	\$1,660,000	\$ -
Bond Series 2008C	19,860,000	-	5,000	19,855,000
Bond Series 2012A	11,355,000	-	5,000	11,350,000
Bond Series 2010	2,935,000	-	960,000	1,975,000
Bond Series 2012	7,055,000	-	5,000	7,050,000
Bond Series 2015A	2,625,000	-	-	2,625,000
Bond Series 2015B	<u>1,070,000</u>	<u>-</u>	<u>25,000</u>	<u>1,045,000</u>
	<u>\$46,560,000</u>	<u>\$ -</u>	<u>\$2,660,000</u>	<u>\$43,900,000</u>

The following summarizes the maturities and interest payments for the bonds payable as of June 30, 2016:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$43,900,000</u>	<u>\$8,301,764</u>	<u>\$52,201,764</u>

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE H – LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended June 30, 2016 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	\$46,560,000	\$ -	(\$2,660,000)	\$43,900,000	\$3,185,000
Unearned amounts					
Bond premium	605,484	-	(70,422)	535,062	66,530
Bond discount	(97,327)	-	9,095	(88,232)	(9,095)
	<u>\$47,068,157</u>	<u>\$ -</u>	<u>(\$2,721,327)</u>	<u>\$44,346,830</u>	<u>\$3,242,435</u>

NOTE I – 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, 2015 through June 30, 2016. The amount paid during the fiscal year ended June 30, 2016 was \$40,000.

NOTE J – 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.

Committed Fund Balance Policy

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

Budget contingencies	\$ 580,000
Future capital project	<u>580,000</u>
	<u>\$1,160,000</u>

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE J – FUND BALANCE REPORTING, (CONTINUED)

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, 2016 the total amount assigned for future capital projects which have not been specifically identified by the committee was \$5,163,534.

NOTE K – DEFINED BENEFIT PENSION PLAN

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.

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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE K – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE K – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2016 was 25.00% 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 \$4,604,000 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability \$77,231,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014 to June 30, 2015. 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, 2015, the District's proportion was .1783% percent, which was an increase of .0026% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense of \$6,558,000. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE K – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions subsequent to the measurement date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 319,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	-	156,000
Changes in proportions	882,000	1,202,000
Difference between employer share contributions and proportionate of total contributions	-	-
Contributions subsequent to the measurement date	<u>1,407,342</u>	<u>-</u>
	<u>\$2,289,342</u>	<u>\$1,677,000</u>

\$1,407,342 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, 2016. 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:

2017	(\$595,000)
2018	(595,000)
2019	991,000

Actuarial assumptions

The total pension liability as of June 30, 2015 was determined by rolling forward the System's total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 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%

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE K – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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, 2014 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public markets global equity	22.5%	4.8%
Private markets (equity)	15%	6.6%
Private real estate	12%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3%	1.4%

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE K – DEFINED BENEFIT PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
TIPS	12%	1.1%
High yield bonds	6%	3.3%
Cash	3%	0.7%
Absolute return	10%	4.9%
Risk parity	10%	3.7%
MLPs/Infrastructure	5%	5.2%
Commodities	8%	3.1%
Financing (LIBOR)	(14%)	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, 2015.

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.

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.

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Rate Increase 8.50%</u>
District's proportionate share of the net pension liability	\$95,195,000	\$77,231,000	\$62,133,000

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE K – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

NOTE L – 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, 2016, 72 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.

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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE L – POST-EMPLOYMENT BENEFITS (CONTINUED)

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	\$1,269,549
Adjustment to ARC	(120,861)
Annual OPEB cost	<u>\$1,148,688</u>
Annual OPEB cost	\$1,148,688
Contribution made	(721,299)
Increase in net OPEB obligation	\$ 427,389
Net OPEB obligation from prior year	<u>1,084,316</u>
Total post-employment benefit obligation	<u>\$1,511,705</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.

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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE L – POST-EMPLOYMENT BENEFITS (CONTINUED)

The ARC for the current year was computed as of July 1, 2014 using the following actuarial assumptions: (1) actuarial cost method entry age normal; (2) 3.25% 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 7.5% in 2016. Rates gradually decrease from 7.5% in 2016 to 4.5% in 2094. The Social Actuaries Long-run Medical Cost Trend Model was used to develop the healthcare cost trend.

NOTE M – 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, 2016 the Food Service Fund working capital was \$928,942.

NOTE N – 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, 2016, the School District's share was \$1,159,901 towards the operating budget and \$180,353 towards the debt. These amounts are recorded as an expense of the general fund.

<u>Member Districts</u>	<u>ADM%</u>	<u>Total ADM Expenditures</u>
Conneaut	23.56	\$ 682,441
Crawford	37.93	1,159,901
Penncrest	38.51	1,135,287
	<u>100.00</u>	<u>\$2,977,629</u>

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE N – JOINT VENTURES (CONTINUED)

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, 2016 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 2015-2016. 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 2015-2016 fiscal year. Audited financial statements for the year ended June 30, 2016 for the Northwest Tri-County Intermediate Unit are available at its business office.

NOTE O – CONCENTRATION OF REVENUE

Of the School District's total general fund's receipts, approximately 44% and 53% are derived from taxes and federal and state subsidies/grants, respectively for the fund financial statements and 45% and 53% 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 P – 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.

NOTE Q – 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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE R – SELF-INSURANCE DENTAL AND VISION

During the year ended June 30, 2016, 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, 06/30/15	\$ -
Current year premiums	293,933
Current year claims payments and administration	(293,933)
Claims asset liability, 06/30/16	<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 S – 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 fair market 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.

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.

CRAWFORD CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

NOTE S – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Fair Value Measurements at June 30, 2016

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments (See Note D)	<u>\$10,210,124</u>	<u>\$10,210,124</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE T – RESTATEMENT

The adoption of GASB 68 requires the School district to recognize deferred outflows and inflows related to the pension. This practice is different from the previous method which did not recognize any outflows and inflows. The net deferred inflows and outflows at June 30, 2015 was (\$1,971,187), a corresponding increase in the beginning net position on the Statement of Activities for the year ended June 30, 2016 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, 2016

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 Ratio (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, 2016	\$1,149	62.8%	\$1,512
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

See independent auditor's report

Crawford Central School District
 Activity Funds
 Schedule of Fiduciary Net Position
 June 30, 2016

	<u>Meadville Area Senior High</u>	<u>Cochranton Area Junior- Senior High</u>	<u>Meadville Area Middle School</u>	<u>Total</u>
Assets				
Cash	\$ 90,950	\$ 38,731	\$ 15,586	\$ 145,267
Liabilities				
Due to student groups	90,950	38,731	15,586	145,267
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

Crawford Central School District

Trust Funds

Schedule of Trust Funds

NET POSITION

June 30, 2016

Assets		
Cash		\$ 1,530
Certificates of deposit		<u>204,877</u>
		<u>206,407</u>
Net Position		
Restricted for legal purposes		<u>\$ 206,407</u>

SCHEDULE OF REVENUES AND EXPENDITURES

For the Year Ended June 30, 2016

	Net Position June 30, 2015	Revenues	Expenditures	Net Position June 30, 2016
Barco/Duratz Scholarship Trusts	\$ 191,575	\$ 3,720	\$ 7,000	\$ 188,295
Russell L. Graham Memorial Fund	<u>17,846</u>	<u>266</u>	<u>-</u>	<u>18,112</u>
Total funds	<u>\$ 209,421</u>	<u>\$ 3,986</u>	<u>\$ 7,000</u>	<u>\$ 206,407</u>

See independent auditors' report



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, 2016, 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 December 23, 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

December 23, 2016
Meadville, Pennsylvania



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

December 23, 2016
Meadville, Pennsylvania

Crawford Central School District
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016

Grantor Program Title	CFDA Number	Grantor Contract Number	Grant Period Beginning/Ending Date	Total Received For Year	Accrued (Deferred) Revenue 7/1/2015	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2016
U.S. Department of Education								
Passed through PA Dept. of Education								
Title I Grants to Local Educational Agencies	84.010	N/A	07/01/14-09/30/15	\$ 695,603	\$ 318,028	\$ 377,575	\$ 377,575	\$ -
Title I Grants to Local Educational Agencies	84.010	N/A	07/01/15-09/30/16	1,106,967	-	1,124,062	1,124,062	17,095
				F 1,802,570	318,028	1,501,637	1,501,637	17,095
Improving Teacher Quality State Grants	84.387	N/A	07/01/14-09/30/15	34,021	30,017	4,004	4,004	-
Improving Teacher Quality State Grants	84.387	N/A	07/01/15-09/30/16	202,845	-	200,252	200,252	(2,593)
				F 236,866	30,017	204,256	204,256	(2,593)
Rural and Low Income Schools	85.358	N/A	07/01/14-09/30/15	-	(11,215)	11,215	11,215	-
				-	(11,215)	11,215	11,215	-
				F 2,039,436	336,830	1,717,108	1,717,108	14,502
Passed through Northwest Tri-County Intermediate Unit								
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	07/01/14-06/30/15	20,000	20,000	-	-	-
Special Education - Grants to States (IDEA, Part B)	85.027	N/A	07/01/14-06/30/16	775,957	-	775,957	775,957	-
				F 795,957	20,000	775,957	775,957	-
				2,835,393	356,830	2,493,065	2,493,065	14,502
Total U.S. Department of Education								
U.S. Department of Agriculture								
Passed through PA Dept. of Education								
School Breakfast Program (SBP)	10.555	365	07/01/14-06/30/15	33,587	33,587	-	-	-
School Breakfast Program (SBP)	10.555	365	07/01/15-06/30/16	198,840	-	237,783	237,783	38,943
				F 232,427	33,587	237,783	237,783	38,943
National School Lunch Program (NSLP)	10.555	362	07/01/14-06/30/15	103,579	103,579	-	-	-
National School Lunch Program (NSLP)	10.555	362	07/01/15-06/30/16	638,669	-	753,962	753,962	115,293
				F 742,248	103,579	753,962	753,962	115,293
Fresh Fruits and Vegetables Program	10.582	362	07/01/14-06/30/15	1,738	1,738	-	-	-
Fresh Fruits and Vegetables Program	10.582	362	07/01/15-06/30/16	16,978	-	20,377	20,377	3,399
				F 18,716	1,738	20,377	20,377	3,399
School Breakfast Program	N/A	511/513	07/01/14-06/30/15	1,888	1,888	-	-	-
School Breakfast Program	N/A	511/513	07/01/15-06/30/16	11,037	-	13,168	13,168	2,131
National School Lunch Program	N/A	510/512	07/01/14-06/30/15	5,553	5,553	-	-	-
National School Lunch Program	N/A	510/512	07/01/15-06/30/16	33,351	-	39,278	39,278	5,917
				S 51,839	7,441	52,446	52,446	8,048

Crawford Central School District
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016

Grantor Program Title	CFDA Number	Grantor Contract Number	Grant Period Beginning/Ending Date	Total Received For Year	Accrued (Deferred) Revenue		Expenditures		Accrued (Deferred) Revenue 6/30/2016
					7/1/2015	101,909	Recognized	101,909	
U.S. Department of Agriculture Passed through PA Dept. of Agriculture	10.555	N/A	07/01/15-06/30/16 F	118,616	13,783	101,909	101,909	30,490	
Value of USDA Donated Commodities				1,168,846	160,128	1,166,477	1,166,477	196,173	
Total U.S. Department of Agriculture									
U.S. Department of Health and Human Services Passed through PA Dept. of Education	93.778	N/A	07/01/14-06/30/15	27,254	-	-	28,602	-	
Medical Assistance - Administration	93.778	N/A	07/01/15-06/30/16	28,602	-	28,602	28,602	-	
Medical Assistance - Administration									
Total U.S. Department of Health and Human Services			F	55,856	27,254	28,602	28,602	-	
Total Expenditures of Federal and State Awards				\$ 4,055,095	\$ 544,212	\$ 3,688,144	\$ 3,688,144	\$ 210,675	

F Federal program
S State program

Coverage Test:
Programs Tested 775,957
Total Federal Expenditures 3,635,698

* Selected for Testing = 21%

Footnotes to Schedule

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of the Crawford Central School District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Crawford Central School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Federal Revenues

The funds passed through NW 14-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
 FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF AUDITORS' RESULTS:

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified opinion

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal program:

Special Education – Grants to States (IDEA, Part B) – CFDA No. 84.027

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

None Reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Reported.