

**NORTHWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Education
Northwood Local School District
600 Lemoyne Road
Northwood, Ohio 43619

We have reviewed the *Independent Auditors' Report* of the Northwood Local School District, Wood County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Northwood Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 5, 2009

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**NORTHWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY
June 30, 2008**

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**NORTHWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY
June 30, 2008**

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INDEPENDENT AUDITORS' REPORT

Board of Education
Northwood Local School District
600 Lemoyne Road
Northwood, Ohio 43619

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northwood Local School District ("District"), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northwood Local School District as of June 30, 2008, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2009 on our consideration of the Northwood Local 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwood Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards on page 47 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements of Northwood Local School District. Such information, which is the responsibility of management of Northwood Local School District, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



October 6, 2009

Northwood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The discussion and analysis of Northwood Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2008 are as follows:

In total, net assets decreased \$389,142, or 6 percent. While this is not a significant reduction, it is due, in part, to a decrease in property tax revenues (partially the effect of the elimination of tangible personal property taxes).

General revenues were \$8,364,474 for fiscal year 2008, or 87 percent of total revenues, and reflect the School District's significant dependence on property taxes and unrestricted state entitlements.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Northwood Local School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Northwood Local School District, the General Fund and the Permanent Improvement capital projects fund are the most significant funds.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Northwood Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2008
 Unaudited

These statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, all of the School District's activities are reflected as governmental activities including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvement capital projects fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2008 and fiscal year 2007:

Table 1 Net Assets			
	Governmental Activities		
	2008	2007	Change
<u>Assets:</u>			
Current and Other Assets	\$10,554,150	\$11,142,049	(\$587,899)
Capital Assets, Net	3,922,481	3,794,791	127,690
Total Assets	14,476,631	14,936,840	(460,209)

(continued)

Northwood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 1
Net Assets
(continued)

	Governmental Activities		
	2008	2007	Change
<u>Liabilities:</u>			
Current and Other Liabilities	\$6,119,570	\$5,705,037	\$414,533
Long-Term Liabilities	2,012,461	2,498,061	(485,600)
Total Liabilities	<u>8,132,031</u>	<u>8,203,098</u>	<u>(71,067)</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	2,479,205	2,051,992	427,213
Restricted	2,164,046	2,351,552	(187,506)
Unrestricted	1,701,349	2,330,198	(628,849)
Total Net Assets	<u>\$6,344,600</u>	<u>\$6,733,742</u>	<u>(\$389,142)</u>

Although the change in net assets was not that significant, 6 percent, there were several changes from the prior fiscal year which warrant further explanation. A combination of factors contributed to the decrease in current and other assets. While there was an increase in cash and cash equivalents, primarily due to the excess of revenues over expenses related to General Fund activities, there was a 10 percent decrease in the receivable for property taxes (impacted by the elimination of tangible personal property taxes by the State) as well as a decrease in the receivable for payment in lieu of taxes (lower collections in latter stages of agreements). The combined decrease in these receivables amounted to approximately \$1.1 million and is also reflected in the decrease in current and other liabilities (deferred revenue) and unrestricted net assets. The decrease in long-term liabilities, generally due to principal payments on debt, also resulted in the increase in invested in capital assets.

Table 2 reflects the change in net assets for fiscal year 2008 and fiscal year 2007.

Table 2
Change in Net Assets

	Governmental Activities		
	2008	2007	Change
<u>Revenues</u>			
<u>Program Revenues:</u>			
Charges for Services	\$307,300	\$427,831	(\$120,531)
Operating Grants and Contributions	929,384	1,017,073	(87,689)
Capital Grants and Contributions	3,913	6,642	(2,729)
Total Program Revenues	<u>1,240,597</u>	<u>1,451,546</u>	<u>(210,949)</u>

(continued)

Northwood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2
Change in Net Assets
(continued)

	Governmental Activities		Change
	2008	2007	
<u>Revenues (continued)</u>			
General Revenues:			
Property Taxes Levied for General Purposes	\$4,319,060	\$6,569,472	(\$2,250,412)
Property Taxes Levied for Debt Service	223,104	364,299	(141,195)
Property Taxes Levied for Permanent Improvements	216,769	275,374	(58,605)
Payment in Lieu of Taxes	0	1,059,110	(1,059,110)
Grants and Entitlements	3,347,015	2,940,477	406,538
Interest	99,798	98,670	1,128
Gifts and Donations	4,134	20,688	(16,554)
Miscellaneous	154,594	249,064	(94,470)
Total General Revenues	<u>8,364,474</u>	<u>11,577,154</u>	<u>(3,212,680)</u>
Total Revenues	<u>9,605,071</u>	<u>13,028,700</u>	<u>(3,423,629)</u>
<u>Expenses</u>			
Instruction:			
Regular	4,593,649	5,297,847	(704,198)
Special	1,181,226	1,167,259	13,967
Vocational	161,167	72,371	88,796
Support Services:			
Pupils	317,331	350,127	(32,796)
Instructional Staff	477,955	505,438	(27,483)
Board of Education	13,926	17,004	(3,078)
Administration	827,675	867,164	(39,489)
Fiscal	300,791	303,061	(2,270)
Operation and Maintenance of Plant	888,913	830,404	58,509
Pupil Transportation	366,007	345,202	20,805
Central	1,391	1,603	(212)
Non-Instructional Services	369,174	354,741	14,433
Extracurricular Activities	364,429	360,734	3,695
Interest and Fiscal Charges	130,579	84,420	46,159
Total Expenses	<u>9,994,213</u>	<u>10,557,375</u>	<u>(563,162)</u>
Increase (Decrease) in Net Assets	<u>(389,142)</u>	<u>2,471,325</u>	<u>(2,860,467)</u>
Net Assets at Beginning of Year	<u>6,733,742</u>	<u>4,262,417</u>	<u>2,471,325</u>
Net Assets at End of Year	<u>\$6,344,600</u>	<u>\$6,733,742</u>	<u>(\$389,142)</u>

Northwood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The above table demonstrates that there was a 14 percent decrease in program revenues from the prior fiscal year, primarily related to a reduction in charges for services (fees and charges in the regular instruction program). There was also a significant decrease in general revenues. Property tax revenues will continue to decrease due to the elimination of the taxes for tangible personal property. Payment in lieu of taxes revenue consists of tax revenues which the School District would have otherwise received had tax exemption agreements not been entered into by Wood County and various developers/businesses. This revenue is now being recognized in full in the initial year of the agreement.

While expenses remained fairly comparable to the prior fiscal year, the School District was able to reduce expenses by 5 percent. The major program expenses for governmental activities are for instruction, which are approximately 59 percent of total governmental expenses. Reductions in instructional expenses are attributed to a hiring freeze and other cost-saving efforts. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation are almost 12 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 9 percent. Therefore, 80 percent of the School District's expenses are directly related to the activities of providing facilities and delivering education.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction:				
Regular	\$4,593,649	\$5,297,847	\$4,470,350	\$4,824,626
Special	1,181,226	1,167,259	525,264	631,582
Vocational	161,167	72,371	150,294	63,318
Support Services:				
Pupils	317,331	350,127	296,578	346,444
Instructional Staff	477,955	505,438	477,955	490,738
Board of Education	13,926	17,004	13,926	17,004
Administration	827,675	867,164	827,675	862,164
Fiscal	300,791	303,061	300,791	303,061
Operation and Maintenance of Plant	888,913	830,404	888,913	827,073
Pupil Transportation	366,007	345,202	362,094	322,268
Central	1,391	1,603	1,391	1,603
Non-Instructional Services	369,174	354,741	26,463	51,276
Extracurricular Activities	364,429	360,734	281,343	280,252
Interest and Fiscal Charges	130,579	84,420	130,579	84,420
Total Expenses	<u>\$9,994,213</u>	<u>\$10,557,375</u>	<u>\$8,753,616</u>	<u>\$9,105,829</u>

Northwood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

As can be seen above, the dependence on general revenues for most programs is significant. Only several of the School District's programs receive a notable amount of program revenues to offset program costs. The special instruction program provides for 55 percent of its costs through program revenues from operating grants restricted for special instruction purposes. Program revenues in the non-instructional program include cafeteria sales and state and federal subsidies and donated commodities for food service. Program revenues in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. There was a 3 percent decrease in fund balance in the General Fund for fiscal year 2008; however, this was not a significant decrease. There was a 9 percent decrease in fund balance in the Permanent Improvement fund as capital projects exceeded current year revenues.

General Fund Budgeting Highlights

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

During fiscal year 2008, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$3,922,481 invested in capital assets (net of accumulated depreciation). Major additions for the fiscal year included four school buses. Disposals were minimal. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

Debt

At June 30, 2008, the School District had outstanding general obligation bonds, in the amount of \$1,158,835, and outstanding loans, in the amount of \$343,000. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

Northwood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Current Issues

The School District's current five-year forecast reflects positive balances for fiscal year 2009 through 2011; however, current projections reflect deficit balances for fiscal years 2012 and 2013. The School District's voters approved a new 7.9 mill operating levy in March 2008 which will begin collection in February 2009. This levy is anticipated to generate \$994,000 annually.

For the 2008 school year, 5th and 6th grade students were moved from the elementary schools to the middle school. As a result, the School District was able to not replace two teachers who retired at the end of the 2007 school year.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Patricia Weber, Treasurer, Northwood Local School District, 600 Lemoyne Road, Northwood, Ohio 43619.

Northwood Local School District
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$1,970,213
Cash and Cash Equivalents with Fiscal Agent	27
Accounts Receivable	5,556
Intergovernmental Receivable	10,059
Prepaid Items	162
Inventory Held for Resale	1,662
Materials and Supplies Inventory	684
Property Taxes Receivable	5,970,276
Payment in Lieu of Taxes Receivable	2,536,952
Unamortized Issuance Cost	58,559
Nondepreciable Capital Assets	193,339
Depreciable Capital Assets, Net	3,729,142
Total Assets	<u>14,476,631</u>
 <u>Liabilities:</u>	
Accounts Payable	43,649
Accrued Wages and Benefits Payable	722,602
Intergovernmental Payable	260,005
Matured Compensated Absences Payable	97,116
Deferred Revenue	4,968,131
Accrued Interest Payable	28,067
Long-Term Liabilities:	
Due Within One Year	411,715
Due in More Than One Year	1,600,746
Total Liabilities	<u>8,132,031</u>
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	2,479,205
Restricted For:	
Capital Projects	1,339,187
Debt Service	739,193
Public School Support	41,846
Athletics	25,363
Other Purposes	18,457
Unrestricted	1,701,349
Total Net Assets	<u><u>\$6,344,600</u></u>

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Capital Grants and Contributions	Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions		
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$4,593,649	\$38,154	\$85,145	\$0	(\$4,470,350)
Special	1,181,226	0	655,962	0	(525,264)
Vocational	161,167	0	10,873	0	(150,294)
Support Services:					
Pupils	317,331	0	20,753	0	(296,578)
Instructional Staff	477,955	0	0	0	(477,955)
Board of Education	13,926	0	0	0	(13,926)
Administration	827,675	0	0	0	(827,675)
Fiscal	300,791	0	0	0	(300,791)
Operation and Maintenance of Plant	888,913	0	0	0	(888,913)
Pupil Transportation	366,007	0	0	3,913	(362,094)
Central	1,391	0	0	0	(1,391)
Non-Instructional Services	369,174	191,310	151,401	0	(26,463)
Extracurricular Activities	364,429	77,836	5,250	0	(281,343)
Interest and Fiscal Charges	130,579	0	0	0	(130,579)
Total Governmental Activities	<u>\$9,994,213</u>	<u>\$307,300</u>	<u>\$929,384</u>	<u>\$3,913</u>	<u>(\$8,753,616)</u>
<u>General Revenues:</u>					
Property Taxes Levied for General Purposes				4,319,060	
Property Taxes Levied for Debt Service				223,104	
Property Taxes Levied for Permanent Improvements				216,769	
Grants and Entitlements not Restricted to Specific Programs				3,347,015	
Interest				99,798	
Gifts and Donations				4,134	
Miscellaneous				154,594	
Total General Revenues				<u>8,364,474</u>	
Change in Net Assets				<u>(389,142)</u>	
Net Assets at Beginning of Year - Restated (Note 3)				<u>6,733,742</u>	
Net Assets at End of Year				<u>\$6,344,600</u>	

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District
Balance Sheet
Governmental Funds
June 30, 2008

	General	Permanent Improvement	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,282,792	\$348,903	\$334,605	\$1,966,300
Cash and Cash Equivalents				
with Fiscal Agent	0	0	27	27
Accounts Receivable	5,092	0	464	5,556
Intergovernmental Receivable	1,173	0	8,886	10,059
Prepaid Items	162	0	0	162
Inventory Held for Resale	0	0	1,662	1,662
Materials and Supplies Inventory	0	0	684	684
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	3,913	0	0	3,913
Property Taxes Receivable	5,518,616	229,502	222,158	5,970,276
Payment in Lieu of Taxes Receivable	1,061,753	953,199	522,000	2,536,952
Total Assets	\$7,873,501	\$1,531,604	\$1,090,486	\$10,495,591
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities</u>				
Accounts Payable	\$39,671	\$2,507	\$1,471	\$43,649
Accrued Wages and Benefits Payable	679,063	0	43,539	722,602
Intergovernmental Payable	248,717	0	11,288	260,005
Matured Compensated Absences Payable	97,116	0	0	97,116
Deferred Revenue	5,769,260	1,147,848	716,111	7,633,219
Total Liabilities	6,833,827	1,150,355	772,409	8,756,591
<u>Fund Balances:</u>				
Reserved for Property Taxes	808,576	34,853	36,960	880,389
Reserved for Bus Purchase	3,913	0	0	3,913
Reserved for Encumbrances	18,158	35,257	38,093	91,508
Unreserved, Reported in:				
General Fund	209,027	0	0	209,027
Special Revenue Funds	0	0	39,234	39,234
Debt Service Fund	0	0	203,645	203,645
Capital Projects Funds	0	311,139	145	311,284
Total Fund Balances	1,039,674	381,249	318,077	1,739,000
Total Liabilities and Fund Balances	\$7,873,501	\$1,531,604	\$1,090,486	\$10,495,591

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2008

Total Governmental Fund Balances \$1,739,000

Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 3,922,481

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	3,845	
Intergovernmental Receivable	8,886	
Property Taxes Receivable	121,756	
Payment in Lieu of Taxes Receivable	2,530,601	
		2,665,088

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 58,559

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(28,067)	
General Obligation Bonds Payable	(1,158,835)	
Energy Conservation Loans Payable	(195,000)	
School Improvement Loans Payable	(148,000)	
Compensated Absences Payable	(510,626)	
		(2,040,528)

Net Assets of Governmental Activities \$6,344,600

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Permanent Improvement	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$4,828,709	\$200,132	\$203,596	\$5,232,437
Payment in Lieu of Taxes	272,619	105,911	88,000	466,530
Intergovernmental	3,559,693	35,279	670,652	4,265,624
Interest	99,798	0	0	99,798
Tuition and Fees	31,091	0	3,712	34,803
Extracurricular Activities	0	0	77,836	77,836
Charges for Services	0	0	191,310	191,310
Gifts and Donations	4,100	0	7,034	11,134
Miscellaneous	40,647	0	113,453	154,100
Total Revenues	<u>8,836,657</u>	<u>341,322</u>	<u>1,355,593</u>	<u>10,533,572</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,411,812	0	174,435	4,586,247
Special	831,444	0	372,621	1,204,065
Vocational	137,508	0	0	137,508
Support Services:				
Pupils	307,837	0	8,009	315,846
Instructional Staff	512,064	0	17,478	529,542
Board of Education	13,926	0	0	13,926
Administration	822,591	0	6,033	828,624
Fiscal	280,417	3,765	4,180	288,362
Operation and Maintenance of Plant	878,131	0	0	878,131
Pupil Transportation	340,694	0	0	340,694
Central	0	0	1,391	1,391
Non-Instructional Services	1,004	0	343,457	344,461
Extracurricular Activities	247,225	0	83,558	330,783
Capital Outlay	0	376,333	878	377,211
Debt Service:				
Principal Retirement	0	0	299,552	299,552
Interest and Fiscal Charges	0	0	102,483	102,483
Total Expenditures	<u>8,784,653</u>	<u>380,098</u>	<u>1,414,075</u>	<u>10,578,826</u>
Excess of Revenues Over (Under) Expenditures	<u>52,004</u>	<u>(38,776)</u>	<u>(58,482)</u>	<u>(45,254)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	88,444	88,444
Transfers Out	(88,444)	0	0	(88,444)
Total Other Financing Sources (Uses)	<u>(88,444)</u>	<u>0</u>	<u>88,444</u>	<u>0</u>
Changes in Fund Balances	(36,440)	(38,776)	29,962	(45,254)
Fund Balances at Beginning of Year - Restated (Note 3)	<u>1,076,114</u>	<u>420,025</u>	<u>288,115</u>	<u>1,784,254</u>
Fund Balances at End of Year	<u>\$1,039,674</u>	<u>\$381,249</u>	<u>\$318,077</u>	<u>\$1,739,000</u>

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2008

Changes in Fund Balances - Total Governmental Funds (\$45,254)

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

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

Capital Outlay - Depreciable Capital Assets	316,587	
Depreciation	(188,897)	
		127,690

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

Property Taxes	(473,504)	
Payment in Lieu of Taxes	(466,530)	
Intergovernmental	7,688	
Tuition and Fees	3,351	
Miscellaneous	494	
		(928,501)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets.

General Obligation Bonds Payable	154,552	
Energy Conservation Loans Payable	75,000	
School Improvement Loans Payable	70,000	
		299,552

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net assets. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement net assets. Accounting losses are amortized over the life of the debt on the statement of activities.

Accrued Interest Payable	(28,067)	
Amortization of Premium	1,058	
Accounting Loss	(477)	
		(27,486)

Issuance costs are reported as an expenditure when paid in the governmental funds but are amortized over the life of the debt on the statement of activities. (610)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 185,467

Change in Net Assets of Governmental Activities (\$389,142)

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Basis)
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Favorable (Unfavorable) Variances from Final Budget
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$5,505,218	\$5,895,648	\$5,416,633	(\$479,015)
Payment in Lieu of Taxes	200,000	200,000	266,268	66,268
Intergovernmental	3,443,000	3,343,000	3,559,693	216,693
Interest	90,000	90,000	81,218	(8,782)
Tuition and Fees	50,360	50,360	30,645	(19,715)
Gifts and Donations	500	500	4,100	3,600
Miscellaneous	8,150	8,150	9,061	911
Total Revenues	<u>9,297,228</u>	<u>9,587,658</u>	<u>9,367,618</u>	<u>(220,040)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,612,741	4,574,006	4,471,391	102,615
Special	808,430	836,300	831,317	4,983
Vocational	65,746	129,700	127,202	2,498
Support Services:				
Pupils	334,147	332,943	306,007	26,936
Instructional Staff	555,311	523,873	476,886	46,987
Board of Education	25,144	16,506	14,116	2,390
Administration	846,366	855,509	846,838	8,671
Fiscal	288,113	290,056	286,535	3,521
Operation and Maintenance of Plant	950,752	941,260	896,415	44,845
Pupil Transportation	407,907	403,204	349,467	53,737
Non-Instructional Services	1,100	1,100	1,004	96
Extracurricular Activities	263,438	264,879	252,073	12,806
Total Expenditures	<u>9,159,195</u>	<u>9,169,336</u>	<u>8,859,251</u>	<u>310,085</u>
Excess of Revenues Over Expenditures	<u>138,033</u>	<u>418,322</u>	<u>508,367</u>	<u>90,045</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	15,000	21,478	30,938	9,460
Transfers Out	(103,000)	(103,000)	(88,444)	14,556
Total Other Financing Sources (Uses)	<u>(88,000)</u>	<u>(81,522)</u>	<u>(57,506)</u>	<u>24,016</u>
Changes in Fund Balance	50,033	336,800	450,861	114,061
Fund Balance at Beginning of Year	773,748	773,748	773,748	0
Prior Year Encumbrances Appropriated	21,511	21,511	21,511	0
Fund Balance at End of Year	<u>\$845,292</u>	<u>\$1,132,059</u>	<u>\$1,246,120</u>	<u>\$114,061</u>

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$66,431	\$32,147
<u>Liabilities:</u>		
Undistributed Assets	0	\$32,147
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$66,431	

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust
<u>Additions:</u>	
Interest	\$3,638
Gifts and Donations	2,560
Total Additions	6,198
 <u>Deductions:</u>	
Non-Instructional	5,121
Change in Net Assets	1,077
Net Assets at Beginning of Year - Restated (Note 3)	65,354
Net Assets at End of Year	\$66,431

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

Northwood Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1964. It is located in Wood County. The School District is the 502nd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by thirty-five classified employees, sixty-one certified teaching personnel, and six administrative employees who provide services to 975 students and other community members. The School District currently operates two instructional buildings.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Northwood Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Northwood Local School District.

The School District participates in three jointly governed organizations and three insurance pools. These organizations are the Northern Ohio Educational Computer Association, Penta Career Center, Northwestern Ohio Educational Research Council, Inc., Wood County Schools Benefit Plan Association, Ohio School Plan, and the Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function 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 governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are reported in two categories, governmental and fiduciary.

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds

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

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

Permanent Improvement Fund - The Permanent Improvement capital projects fund is used to account for the acquisition, construction, or improvement of capital facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

Fund Financial Statements

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

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the 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 fiscal 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is at the fund and object level for the General Fund and the fund level for all other funds. Budgetary allocations at the function level in the General Fund and at the function and object level within all other funds are made by the School District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

Note 2 - Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents held for the School District by the Wood County Educational Service Center is reflected as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2008, investments consisted of commercial paper, mutual funds, and STAR Ohio. Investments are reported at fair value, which is based on current share price or quoted market price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2008.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2008 was \$99,798, which includes \$27,180 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption and donated and purchased food.

Note 2 - Summary of Significant Accounting Policies (continued)

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unexpended revenues restricted for bus purchases.

J. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of one thousand five hundred dollars. 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 capitalized.

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

Description	Useful Lives
Land Improvements	10-35 years
Buildings and Building Improvements	10-98 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	10 years
Infrastructure	40-50 years

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service, as those employees are both eligible and considered by the School District as probable of receiving payment in the future.

Note 2 - Summary of Significant Accounting Policies (continued)

K. Compensated Absences (continued)

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2008, there were no net assets restricted by enabling legislation.

N. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for property taxes, bus purchase, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

Note 2 - Summary of Significant Accounting Policies (continued)

O. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

P. Unamortized Issuance Costs and Premiums

On government-wide financial statements, issuance costs and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from bond proceeds. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period in which the debt is issued.

Q. Unamortized Loss on Advance Refunding

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

R. Estimates

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

Note 3 - Change in Accounting Principles, Correction of Errors, and Restatement of Fund Balance/Net Assets

A. Change in Accounting Principles

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this statement for both the State Teachers Retirement System and the School Employees Retirement System postemployment healthcare plans, in the amount of \$6,424 and \$25,560, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

B. Correction of Errors

During the current fiscal year, the School District recorded adjustments to restate the prior year financial statements to recognize a receivable for payment in lieu of taxes and for certain immaterial errors relating to fund classification, interfund activity, capital assets and bond activity. The adjustment for payment in lieu of taxes resulted from the School District's revised interpretation of the accounting for such transactions after a thorough review and better understanding of the underlying documents and accounting guidance.

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 3 - Change in Accounting Principles, Correction of Errors, and Restatement of Fund Balance/Net Assets (continued)

C. Restatement of Fund Balance/Net Assets

The restatement due to the above corrections had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Permanent Improvement	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2007	\$1,183,381	\$345,967	\$312,652	\$1,842,000
Change in Fund Structure	7,533	0	(24,537)	(17,004)
Interfund Receivable/Payable	(74,058)	74,058	0	0
Capital Leases	(40,742)	0	0	(40,742)
Restated Fund Balance at June 30, 2007	<u>\$1,076,114</u>	<u>\$420,025</u>	<u>\$288,115</u>	<u>\$1,784,254</u>

The restatement had the following effect on net assets.

	Total Governmental Activities	Private Purpose Trust
Net Assets at June 30, 2007	\$3,573,177	\$48,350
Change in Fund Structure	(17,004)	17,004
Payment in Lieu of Taxes	2,997,131	0
Capital Assets	(196,018)	0
Accumulated Depreciation	320,415	0
Capital Leases	14,000	0
Issuance Costs	19,212	0
Premium	(23,398)	0
Accounting Loss	46,227	0
Adjusted Governmental Activities Net Assets at June 30, 2007	<u>\$6,733,742</u>	
Adjusted Fiduciary Net Assets at June 30, 2007		<u>\$65,354</u>

Note 4 - Accountability

At June 30, 2008, the Food Service and Title II-A special revenue funds had deficit fund balances, in the amount of \$4,959 and \$4,071, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Changes in Fund Balance	
GAAP Basis	(\$36,440)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2007, Received in Cash FY 2008	1,397,853
Accrued FY 2008, Not Yet Received in Cash	(817,374)
Expenditure Accruals:	
Accrued FY 2007, Paid in Cash FY 2008	(1,116,998)
Accrued FY 2008, Not Yet Paid in Cash	1,064,567
Cash Adjustments:	
Unrecorded Activity FY 2008	(18,580)
Prepaid Items	(162)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(22,005)
Budget Basis	\$450,861

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

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

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

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 6 - Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$28,899 of the School District's bank balance of \$242,426 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC. The District's deposits had a carrying value of \$164,208 at June 30, 2008.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of June 30, 2008, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Commercial Paper	\$94,491	12/1/08
Mutual Fund	332	average 40 days
STAR Ohio	1,809,732	average 54 days
Total Investments	<u>\$1,904,555</u>	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The commercial paper carries a rating of P-1 by Moodys. The mutual fund carries a rating of AAA by Moodys. STAR Ohio carries a rating of AAA by Standards and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that commercial paper must be rated in the highest classification established by two nationally recognized standard rating services and mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 7 - Receivables

Receivables at June 30, 2008, consisted of accounts (student fees and billings for user charged services), intergovernmental, property taxes, and payment in lieu of taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Payment in lieu of taxes, in the amount of \$2,134,347, will not be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	
State of Ohio	\$1,173
Other Governmental Funds	
Title I	7,622
Title II-A	834
Title V	430
Total Other Governmental Funds	<u>8,886</u>
Total Governmental Activities	<u>\$10,059</u>

Note 8 - Property Taxes

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

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

Public utility property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 8 - Property Taxes (continued)

Tangible personal property tax revenues received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Wood County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2008, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008, was \$808,576 in the General Fund, \$36,960 in the Bond Retirement debt service fund, and \$34,853 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2007, was \$1,396,500 in the General Fund, \$76,200 in the Bond Retirement debt service fund, and \$60,830 in the Permanent Improvement capital projects fund.

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

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$78,581,450	54.89%	\$79,486,100	55.75%
Industrial/Commercial	44,014,650	30.75	44,112,270	30.94
Public Utility	3,140,580	2.19	2,259,910	1.59
Tangible Personal	17,427,175	12.17	16,711,727	11.72
Total Assessed Value	\$143,163,855	100.00%	\$142,570,007	100.00%
Tax rate per \$1,000 of assessed valuation	\$72.00		\$71.70	

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 9 - Payment in Lieu of Taxes

According to State law, Wood County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be paid to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires. The remaining term of these payments range from one to nine years.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$193,339	\$0	\$0	\$193,339
Depreciable Capital Assets				
Land Improvements	570,462	0	0	570,462
Buildings and Building Improvements	7,228,765	0	0	7,228,765
Furniture, Fixtures, and Equipment	942,462	21,012	0	963,474
Vehicles	472,601	286,330	(32,356)	726,575
Infrastructure	15,897	9,245	0	25,142
Total Depreciable Capital Assets	9,230,187	316,587	(32,356)	9,514,418
Less Accumulated Depreciation				
Land Improvements	(247,787)	(16,198)	0	(263,985)
Buildings and Building Improvements	(4,270,971)	(104,499)	0	(4,375,470)
Furniture, Fixtures, and Equipment	(659,888)	(44,019)	0	(703,907)
Vehicles	(445,272)	(23,765)	32,356	(436,681)
Infrastructure	(4,817)	(416)	0	(5,233)
Total Accumulated Depreciation	(5,628,735)	(188,897)	32,356	(5,785,276)
Depreciable Capital Assets, Net	3,601,452	127,690	0	3,729,142
Governmental Activities Capital Assets, Net	\$3,794,791	\$127,690	\$0	\$3,922,481

Note 10 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$70,019
Special	5,083
Vocational	854
Support Services:	
Pupils	1,447
Instructional Staff	2,853
Administration	6,547
Fiscal	1,122
Operation and Maintenance of Plant	29,340
Pupil Transportation	24,942
Non-Instructional Services	13,044
Extracurricular Activities	33,646
Total Depreciation Expense	\$188,897

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted for the following insurance coverage.

Coverage purchased from the Ohio School Plan is as follows:

Buildings and Contents - replacement cost	\$36,232,418
Automobile Liability	1,000,000
General School District Liability	
Per Occurrence	1,000,000
Total per Year	3,000,000
Excess Liability	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District participates in the Wood County Schools Benefit Plan Association (Association), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and the Educational Service Center. The School District pays monthly premiums to the Association for employee medical and dental benefits. The Association is responsible for the management and operations of the program and the payment of all claims. Upon withdrawal from the Association, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Note 11 - Risk Management (continued)

For fiscal year 2008, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool (for the types of coverage disclosed in the table in the first paragraph of this note). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

Note 12 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

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

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

Note 12 - Defined Benefit Pension Plans (continued)

A. State Teachers Retirement System (continued)

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 was \$501,820, \$518,199, and \$502,776 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DCP and CP for fiscal year 2008 were \$630 made by the School District and \$5,591 made by the plan members.

B. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 was \$104,529, \$111,250, and \$107,755 respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2008, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$38,650, \$39,886 and \$38,706 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2008, this amount was \$70,523.

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

The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$47,700, \$36,935, and \$37,604 respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 13 - Postemployment Benefits (continued)

B. School Employees Retirement System (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2008, this actuarially required allocation was .66 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 was \$7,532, \$7,565, and \$8,576 respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 14 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred eighty-four days for all employees. Upon retirement, payment is made for one-fourth of their accrued but unused sick leave for all employees.

B. Health Care Benefits

The School District provides medical and dental insurance to all employees through the Wood County Schools Benefit Association Plan. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. The School District also offers life insurance to all employees through the National Life Insurance Company.

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 15 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08	Amounts Due Within One Year
General Long-Term Obligations					
FY 1994 School Improvement					
Capital Appreciation Bonds 6%	\$284,697	\$0	\$144,552	\$140,145	\$140,145
FY 2005 School Improvement					
Refunding Bonds					
Term Bonds 5.2%	970,000	0	10,000	960,000	10,000
Premium	105,498	0	1,058	104,440	0
Accounting Loss	(46,227)	0	(477)	(45,750)	0
FY 2000 Energy Conservation					
Loan 5.7%	125,000	0	40,000	85,000	40,000
FY 2001 Energy Conservation					
Loan 5.85%	145,000	0	35,000	110,000	35,000
FY 2003 School Improvement					
Loan 2.31-5.46%	218,000	0	70,000	148,000	73,000
Total General Long-Term Obligations	1,801,968	0	300,133	1,501,835	298,145
Compensated Absences Payable	696,093	0	185,467	510,626	113,570
Total Governmental Activities Long-Term Liabilities	\$2,498,061	\$0	\$485,600	\$2,012,461	\$411,715

FY 1994 School Improvement Bonds - On April 1, 1994, the School District issued \$2,385,000 in voted general obligation bonds for renovating and equipping school facilities. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$1,345,000, \$1,005,000, and \$35,000, respectively. Of these amounts, \$1,345,000 was retired and \$1,005,000 was refunded. The bonds are being retired through the Bond Retirement debt service fund.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal year 2009. The maturity amount of the bonds is \$140,145.

FY 2005 School Improvement Refunding Bonds - On September 1, 2004, the School District issued general obligation bonds, in the amount of \$1,005,000, to refund bonds previously issued in fiscal year 1994 for renovating and equipping school facilities. The bonds were issued for a ten year period, with final maturity during fiscal year 2014. The bonds are being retired through the Bond Retirement debt service fund.

The refunded bonds have been fully retired.

FY 2000 Energy Conservation Loan - On November 1, 1999, the School District obtained a loan, in the amount of \$350,000, to provide energy conservation measures for the School District. The loan was obtained for a ten year period, with final maturity in fiscal year 2010.

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 15 - Long-Term Obligations (continued)

FY 2001 Energy Conservation Loan - On September 1, 2000, the School District obtained a loan, in the amount of \$300,000, to provide energy conservation measures for the School District. The loan was obtained for a ten year period, with final maturity in fiscal year 2011.

FY 2003 School Improvement Loans - On May 13 and May 29, 2003, the School District obtained loans, in the amount of \$102,000 and \$357,000, respectively, for the acquisition and construction of school facility improvements. The loans have interest rates ranging from 2.31 percent to 5.85 percent. The loans were obtained for a seven year period, with final maturity in fiscal year 2010. The bonds are being retired through the Bond Retirement debt service fund.

Compensated absences will be paid from the General Fund, and the Food Service and Title I special revenue funds.

The School District's overall debt margin was \$9,872,262 with an unvoted debt margin of \$123,705 at June 30, 2008.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2008, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds			
	Capital Appreciation	Term	Interest	Total
2009	\$140,145	\$10,000	\$89,515	\$239,660
2010	0	190,000	44,460	234,460
2011	0	195,000	34,450	229,450
2012	0	215,000	23,790	238,790
2013	0	225,000	12,350	237,350
2014	0	125,000	3,250	128,250
Total	\$140,145	\$960,000	\$207,815	\$1,307,960

Fiscal Year Ending June 30,	Energy Conservation Loans	
	Principal	Interest
2009	\$75,000	\$19,116
2010	80,000	4,647
2011	40,000	1,170
Total	\$195,000	\$24,933

Northwood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 15 - Long-Term Obligations (continued)

Fiscal Year Ending June 30,	School Improvement Loans	
	Principal	Interest
2009	\$73,000	\$4,819
2010	75,000	1,660
Total	\$148,000	\$6,479

Note 16 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2008.

	Textbooks	Capital Improvements
Balance June 30, 2007	(\$43,291)	\$28,141
Current Year Set Aside Requirement	138,890	138,890
Current Year Offsets	0	(167,031)
Qualifying Expenditures	(119,678)	0
Reserve Balance June 30, 2008	(\$24,079)	\$0

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

Note 17 - Interfund Transfers

During fiscal year 2008, the General Fund made transfers to other governmental funds, in the amount of \$88,444, to move receipts as debt payments became due.

Note 18 - Jointly Governed Organizations

A. Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The NOECA Assembly consists of a representative from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2008, the School District paid \$12,240 to NOECA for various services. Financial information can be obtained from NOECA, 219 Howard Drive, Sandusky, Ohio 44870.

B. Penta Career Center

The Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of eleven members from the participating School Districts' elected Boards. Board members are appointed for a term of two years to serve the sixteen participating school districts. Six members are appointed during the even number years, one each from the Lucas, Ottawa, and Wood County Educational Service Centers, one each from the Bowling Green and Maumee City School Districts, and one from the Rossford Exempted Village School District. Five members are appointed during the odd number years, one each from the Fulton, Lucas, Sandusky, and Wood County Educational Service Centers and one from the Perrysburg Exempted Village School District. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools, and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Note 19 - Insurance Pools

A. Wood County Schools Benefit Plan Association

The Wood County Schools Benefit Plan Association (Association) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and the Educational Service Center. The Association is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating members. Each participating member's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Association.

Each member decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Association is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Medical Mutual of Ohio, P.O. Box 943, Toledo, Ohio 43656.

B. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from the Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

C. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 20 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

Note 20 – Contingencies (continued)

B. Litigation

There are currently no matters in litigation with the School District as defendant.

**NORTHWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/Pass – Through Grantor Program Titles</u>	<u>Project Number</u>	<u>CFDA Number</u>	<u>Program Award Amount</u>	<u>Grant Receipts</u>	<u>Non Cash Awards</u>	<u>Grant Expenditures</u>	<u>Non Cash Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>							
Pass through Ohio Department of Education:							
Title I Targeted Assistance	50716C1-S1-07	84.010	\$ 140,158	\$ 3,590		\$ 23,979	
	50716C1-S1-08	84.010	<u>142,321</u>	<u>142,321</u>		<u>117,204</u>	
			282,479	145,911		141,183	
Title V Innovative Programs	50716C2-S1-08	84.298	1,414	1,414		1,365	
Special Education Part B – IDEA	50716B-SF08	84.027	229,226	229,226		229,226	
Title IV Safe and Drug Free Schools	50716DR-S1-07	84.186	3,683	368		368	
	50716DR-S1-08	84.186	<u>3,753</u>	<u>3,753</u>		<u>3,753</u>	
			7,436	4,121		4,121	
Title II-D Technology	50716TJ-S1-08	84.318	1,506	1,506		1,506	
Title II-A Improving Teacher Quality	50716TR-S1-07	84.367	39,830	-0-		1,900	
	50716TR-S1-08	84.367	<u>40,000</u>	<u>40,000</u>		<u>36,045</u>	
			<u>79,830</u>	<u>40,000</u>		<u>37,945</u>	
TOTAL DEPARTMENT OF EDUCATION			601,891	422,178		415,346	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
Pass through Ohio Department of Education:							
<u>Child Nutrition Cluster</u>							
National School Lunch Program	5071604-PU-00	10.555		137,298		137,298	
National School Breakfast Program	5071605-PU-00	10.553		3,554		3,554	
Food Donation Program		10.550		-0-	<u>33,728</u>	-0-	<u>33,728</u>
TOTAL DEPARTMENT OF AGRICULTURE				<u>140,852</u>	<u>33,728</u>	<u>140,852</u>	<u>33,728</u>
TOTAL RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS				<u>\$ 563,030</u>	<u>\$ 33,728</u>	<u>\$ 556,198</u>	<u>\$ 33,728</u>

NOTE – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U. S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U. S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Education
Northwood Local School District
600 Lemoyne Road
Northwood, Ohio 43619

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northwood Local School District as of and for the year ended June 30, 2008, which collectively comprise the Northwood Local School District's basic financial statements, and have issued our report thereon dated October 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Northwood Local School District Board of Education and management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Weber O'Brien Ltd.

October 6, 2009



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Northwood Local School District
600 Lemoyne Road
Northwood, Ohio 43619

Compliance

We have audited the compliance of Northwood Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information of and use of the District's Board of Education and management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 6, 2009

**NORTHWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	___X___ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	___X___ none reported
Noncompliance material to financial statements noted?	_____ yes	___X___ no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____ yes	___X___ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	___X___ none reported

Type of auditors' report issued on compliance for major programs:		<u>Unqualified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	___X___ no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Part B – IDEA

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low risk auditee?	___X___ yes	_____ no
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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**NORTHWOOD LOCAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NONE



Mary Taylor, CPA
Auditor of State

NORTHWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 19, 2009