



Dave Yost • Auditor of State



**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Noble Local School District  
Noble County  
20977 Zep Road East  
Sarahsville, Ohio 43779

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Noble Local School District, Noble County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

March 13, 2012

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
Unaudited

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The discussion and analysis of the Noble Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. 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 the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year 2011 are as follows:

- Total net assets of the School District increased by \$966,040. Restricted assets increased by \$158,299. Unrestricted assets increased by \$914,853.
- General revenues accounted for \$8,553,253 in revenue or 76% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions, and interest, and capital grants and contributions accounted for \$2,703,949 or 24% of total revenues of \$11,257,202.
- The School District had \$10,291,162 in expenses related to governmental activities; only \$2,703,949 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$8,553,253 were adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund had revenues in the amount of \$9,396,362 and expenditures in the amount of \$8,996,870. The General Fund's balance increased in the amount of \$441,759.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Noble Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and 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 the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
Unaudited

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***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two 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 that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the 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 programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

***Governmental Funds*** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The School District's only fund of this type is the Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.



**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
 Unaudited

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the School District's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

**Reporting the School District's Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its scholarship program. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, and other government units. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

Table 1  
 Net Assets

	Governmental Activities		
	2011	2010	Change
<b>Assets</b>			
Current and Other Assets	\$8,032,952	\$6,251,614	\$1,781,338
Capital Assets	4,091,453	4,180,594	(89,141)
Total Assets	<u>12,124,405</u>	<u>10,432,208</u>	<u>1,692,197</u>
<b>Liabilities</b>			
Long-term Liabilities	612,552	575,057	37,495
Other Liabilities	4,314,158	3,625,496	688,662
Total Liabilities	<u>4,926,710</u>	<u>4,200,553</u>	<u>726,157</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	4,053,978	4,161,090	(107,112)
Restricted	417,144	258,845	158,299
Unrestricted	<u>2,726,573</u>	<u>1,811,720</u>	<u>914,853</u>
Total Net Assets	<u><u>\$7,197,695</u></u>	<u><u>\$6,231,655</u></u>	<u><u>\$966,040</u></u>

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
Unaudited

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Total assets of governmental activities increased \$1,692,197. Current assets increased by \$1,781,338 primarily due to an increase in cash and cash equivalents with fiscal agents related to the fund balance of the Internal Service Fund for self-insurance of \$840,064 and an increase in intergovernmental receivables of \$446,392. The increase in assets was offset slightly by a decrease in capital assets in the amount of \$89,141, primarily due to current year depreciation exceeding capital asset additions.

Total liabilities increased \$726,157. Other liabilities increased \$688,662 primarily due to increases in deferred revenue of \$640,618. Long term liabilities increased in the amount of \$37,495 primarily because of an inception of a capital lease in fiscal year 2011.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011, and comparisons to fiscal year 2010.

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
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Table 2  
 Changes in Net Assets

	Governmental Activities	
	2011	2010
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$1,044,591	\$998,776
Operating Grants, Contributions and Interest	1,659,358	1,160,720
Total Program Revenues	<u>2,703,949</u>	<u>2,159,496</u>
General Revenues:		
Property Taxes	2,395,497	2,582,201
Grants and Entitlements	6,049,716	6,079,896
Investment Earnings	90,061	24,540
Gifts and Donations	1,300	11,945
Rent	749	0
Miscellaneous	15,930	20,071
Total General Revenues	<u>8,553,253</u>	<u>8,718,653</u>
Total Revenues	<u>11,257,202</u>	<u>10,878,149</u>
<b>Program Expenses</b>		
Instruction:		
Regular	4,380,313	4,653,494
Special	1,075,909	903,446
Vocational	300,365	292,152
Support Services:		
Pupils	201,862	355,017
Instructional Staff	392,878	377,894
Board of Education	46,767	59,141
Administration	1,119,271	1,224,337
Fiscal	380,482	435,814
Business	23,463	16,041
Operation and Maintenance of Plant	787,652	841,896
Pupil Transportation	852,324	936,939
Central	3,359	5,985
Operation of Non-Instructional Services:		
Other	0	3,691
Food Service Operations	524,684	490,802
Extracurricular Activities	197,449	199,450
Interest and Fiscal Charges	4,384	11,032
Total Expenses	<u>10,291,162</u>	<u>10,807,131</u>
Change in Net Assets	966,040	71,018
Net Assets Beginning of Year	<u>6,231,655</u>	<u>6,160,637</u>
Net Assets End of Year	<u>\$7,197,695</u>	<u>\$6,231,655</u>

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
 Unaudited

Most federal program awards remained consistent with 2010 funding levels. Approximately 70% of the School District's general revenues are received from the State due to the depressed economic condition of the area.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property valuation increases, thus generating about the same revenue. Lastly, property taxes made up approximately 28% of general revenues for governmental activities for the School District in fiscal year 2011.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3  
 Governmental Activities

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
<b>Program Expenses</b>				
Instruction:				
Regular	\$4,380,313	\$3,499,490	\$4,653,494	\$3,826,287
Special	1,075,909	507,385	903,446	629,776
Vocational	300,365	212,024	292,152	204,469
Support Services:				
Pupils	201,862	176,997	355,017	352,414
Instructional Staff	392,878	100,485	377,894	205,244
Board of Education	46,767	46,767	59,141	59,141
Administration	1,119,271	913,801	1,224,337	1,026,975
Fiscal	380,482	379,051	435,814	434,699
Business	23,463	23,463	16,041	16,041
Operation and Maintenance of Plant	787,652	786,630	841,896	840,356
Pupil Transportation	852,324	835,488	936,939	936,462
Central	3,359	(816)	5,985	715
Operation of Non-Instructional Services:				
Other	0	0	3,691	(223)
Food Service Operations	524,684	(1,754)	490,802	(14,449)
Extracurricular Activities	197,449	103,818	199,450	118,696
Interest and Fiscal Charges	4,384	4,384	11,032	11,032
<b>Total</b>	<u>\$10,291,162</u>	<u>\$7,587,213</u>	<u>\$10,807,131</u>	<u>\$8,647,635</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. For fiscal year 2011, approximately 73% of instructional activities were supported through taxes and other general revenues.

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
 Unaudited

**The School District Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,374,295 and expenditures of \$11,058,356. The School District continued to focus its efforts to monitor expenditures, with modest increases in supply and capital outlay budgets, as well as maintaining current personnel staffing levels.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2011, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$9,569,819. This is \$41,495 above final estimates of \$9,528,324. This is mainly due to additional intergovernmental revenues received exceeding expectations. Original estimated revenues were increased \$524,966. This increase is attributable to a significant increase in the public utility personal property taxes received on the February 2011 real estate tax settlement due to the Rockies Express Pipeline. Final expenditures of \$8,992,840 were \$156,494 below the final appropriations of \$9,149,334. Original appropriations were decreased \$809,988. This decrease is attributable to a significant portion of the General Fund's cost being paid by federal fiscal stabilization funds. The School District's ending General Fund balance was \$2,023,659.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2011, the School District had \$4,091,453 invested in land and land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2011	2010
Land	\$20,925	\$20,925
Buildings and Improvements	3,548,490	3,705,970
Furniture and Equipment	185,982	129,029
Vehicles	336,056	324,670
Totals	\$4,091,453	\$4,180,594

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
Unaudited

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During fiscal year 2011, the School District continued to limit the amount of capital asset acquisitions. See Note 9 to the basic financial statements for more information on capital assets.

**Debt**

At June 30, 2011, the School District had \$37,475 in capital leases outstanding.

Table 5  
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Capital Leases	\$37,475	\$19,504

See Note 14 to the basic financial statements for more information on capital leases.

**Current Issues**

In each of the past five years, the School District's General Fund revenues have exceeded expenditures, due to the significant personnel and budget cuts enacted in 2005. However, the School District's current five-year forecast projects expenditures to begin exceeding revenues in fiscal year 2013. The primary reason for this deficit spending is a continued decrease in overall student enrollment despite increases in open enrollment. This prevents any increases in state foundation funding, which accounts for nearly two-thirds of revenues.

A levy was placed on the November 2010 ballot for renovations to the elementary school, new construction of a high school, and operations within the School District. The levy failed.

The Board of Education and administration of the School District continues to work diligently to reduce expenses to eliminate deficit spending and to ensure long-term financial stability.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Tenda Rice, Treasurer/CFO at Noble Local School District, 20977 Zep Road East, Sarahsville, Ohio 43779-9702.

**Noble Local School District, Ohio**

*Statement of Net Assets*

*June 30, 2011*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,173,284
Cash and Cash Equivalents with Fiscal Agent	2,100,441
Materials and Supplies Inventory	30,956
Intergovernmental Receivable	548,483
Prepaid Items	33,645
Accounts Receivable	23,952
Property Taxes Receivable	3,122,191
Nondepreciable Capital Assets	20,925
Depreciable Capital Assets, Net	<u>4,070,528</u>
<i>Total Assets</i>	<u>12,124,405</u>
<b>Liabilities</b>	
Accounts Payable	115,104
Accrued Wages and Benefits Payable	1,007,491
Intergovernmental Payable	283,688
Vacation Benefits Payable	49,773
Claims Payable	146,379
Deferred Revenue	2,711,723
Long-Term Liabilities:	
Due Within One Year	59,430
Due In More Than One Year	<u>553,122</u>
<i>Total Liabilities</i>	<u>4,926,710</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	4,053,978
Restricted for:	
Unclaimed Monies	67,963
Food Service	25,035
Miscellaneous State	3,048
Miscellaneous Federal	295,069
Capital Outlay	4,442
Other Purposes	21,587
Unrestricted	<u>2,726,573</u>
<i>Total Net Assets</i>	<u><u>\$7,197,695</u></u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	
<b>Governmental Activities</b>				
Instruction:				
Regular	\$4,380,313	\$761,070	\$119,753	(\$3,499,490)
Special	1,075,909	0	568,524	(507,385)
Vocational	300,365	0	88,341	(212,024)
Support Services:				
Pupils	201,862	0	24,865	(176,997)
Instructional Staff	392,878	0	292,393	(100,485)
Board of Education	46,767	0	0	(46,767)
Administration	1,119,271	0	205,470	(913,801)
Fiscal	380,482	0	1,431	(379,051)
Business	23,463	0	0	(23,463)
Operation and Maintenance of Plant	787,652	0	1,022	(786,630)
Pupil Transportation	852,324	0	16,836	(835,488)
Central	3,359	0	4,175	816
Operation of Non-Instructional Services:				
Food Service Operations	524,684	189,890	336,548	1,754
Extracurricular Activities	197,449	93,631	0	(103,818)
Interest and Fiscal Charges	4,384	0	0	(4,384)
<b>Totals</b>	<b>\$10,291,162</b>	<b>\$1,044,591</b>	<b>\$1,659,358</b>	<b>(7,587,213)</b>
<b>General Revenues</b>				
				2,395,497
Property Taxes Levied for General Purposes				2,395,497
Grants and Entitlements not Restricted to Specific Programs				6,049,716
Investment Earnings				90,061
Rent				749
Gifts and Donations				1,300
Miscellaneous				15,930
<b>Total General Revenues</b>				<b>8,553,253</b>
				966,040
<b>Change in Net Assets</b>				<b>966,040</b>
				6,231,655
<b>Net Assets Beginning of Year</b>				<b>6,231,655</b>
				\$7,197,695
<b>Net Assets End of Year</b>				<b>\$7,197,695</b>

See accompanying notes to the basic financial statements



**Noble Local School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,031,211	\$74,110	\$2,105,321
Receivables:			
Property Taxes	3,122,191	0	3,122,191
Accounts	23,773	179	23,952
Intergovernmental	8,639	539,844	548,483
Interfund	32,269	0	32,269
Prepaid Items	33,645	0	33,645
Materials and Supplies Inventory	26,936	4,020	30,956
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	67,963	0	67,963
<i>Total Assets</i>	<u>\$5,346,627</u>	<u>\$618,153</u>	<u>\$5,964,780</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$50,945	\$64,159	\$115,104
Accrued Wages and Benefits Payable	873,663	133,828	1,007,491
Interfund Payable	0	32,269	32,269
Intergovernmental Payable	244,972	38,716	283,688
Deferred Revenue	2,852,133	286,594	3,138,727
<i>Total Liabilities</i>	<u>4,021,713</u>	<u>555,566</u>	<u>4,577,279</u>
<b>Fund Balances</b>			
Nonspendable	128,544	4,020	132,564
Restricted	0	54,125	54,125
Assigned	72,083	4,442	76,525
Unassigned	1,124,287	0	1,124,287
<i>Total Fund Balance</i>	<u>1,324,914</u>	<u>62,587</u>	<u>1,387,501</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,346,627</u>	<u>\$618,153</u>	<u>\$5,964,780</u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2011*

<b>Total Governmental Fund Balances</b>		\$1,387,501
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,091,453
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	122,727	
Grants	286,594	
Tuition and Fees	17,683	427,004
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net assets.		1,954,062
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(49,773)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Lease Payable	(37,475)	
Sick Leave Benefits Payable	(575,077)	(612,552)
Net Assets of Governmental Activities		\$7,197,695

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$2,858,310	\$0	\$2,858,310
Intergovernmental	5,708,586	1,716,100	7,424,686
Investment Earnings	25,736	344	26,080
Charges for Services	0	189,890	189,890
Tuition and Fees	763,719	0	763,719
Extracurricular Activities	27,185	66,446	93,631
Rent	749	0	749
Gifts and Donations	900	400	1,300
Miscellaneous	11,177	4,753	15,930
<i>Total Revenues</i>	<u>9,396,362</u>	<u>1,977,933</u>	<u>11,374,295</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,260,507	378,790	4,639,297
Special	663,942	460,832	1,124,774
Vocational	320,417	0	320,417
Support Services:			
Pupils	206,698	20,500	227,198
Instructional Staff	181,375	242,039	423,414
Board of Education	45,767	1,000	46,767
Administration	1,034,339	166,549	1,200,888
Fiscal	361,686	42,883	404,569
Business	23,463	0	23,463
Operation and Maintenance of Plant	757,547	88,639	846,186
Pupil Transportation	994,623	68	994,691
Central	0	3,359	3,359
Operation of Non-Instructional Services	0	578,391	578,391
Extracurricular Activities	117,826	78,436	196,262
Debt Service:			
Principal Retirement	24,296	0	24,296
Interest and Fiscal Charges	4,384	0	4,384
<i>Total Expenditures</i>	<u>8,996,870</u>	<u>2,061,486</u>	<u>11,058,356</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	399,492	(83,553)	315,939
<b>Other Financing Source</b>			
Inception of Capital Lease	42,267	0	42,267
<i>Net Change in Fund Balance</i>	441,759	(83,553)	358,206
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	883,155	146,140	1,029,295
<i>Fund Balances End of Year</i>	<u>\$1,324,914</u>	<u>\$62,587</u>	<u>\$1,387,501</u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$358,206
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*Amounts reported for governmental activities in the statement of activities  
are different because*

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 depreciation exceeded capital outlays:

Capital Asset Additions	173,376	
Depreciation Expense	<u>(248,767)</u>	(75,391)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The net effect is to decrease net assets. (13,750)

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

Delinquent Taxes	(462,813)	
Grants	284,388	
Tuition and Fees	<u>(2,649)</u>	(181,074)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 24,296

The inception of a capital lease is reported as an other financing source in the governmental funds, but increases in long-term liabilities in the statement of net assets (42,267)

Some expenses 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:

Vacation Benefits Payable	(2,746)	
Sick Leave Benefits Payable	<u>(19,524)</u>	(22,270)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 918,290

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$966,040</u></u>
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See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$2,821,918	\$2,986,458	\$2,999,464	\$13,006
Intergovernmental	5,408,000	5,723,328	5,748,253	24,925
Investment Earnings	24,213	25,624	25,736	112
Tuition and Fees	711,725	753,224	756,504	3,280
Extracurricular Activities	25,454	26,939	27,056	117
Rent	686	726	729	3
Gifts and Donations	847	896	900	4
Miscellaneous	10,515	11,129	11,177	48
<i>Total Revenues</i>	<u>9,003,358</u>	<u>9,528,324</u>	<u>9,569,819</u>	<u>41,495</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,668,181	4,288,521	4,215,166	73,355
Special	731,595	672,094	660,599	11,495
Vocational	365,955	336,192	330,441	5,751
Support Services:				
Pupils	260,325	239,153	235,062	4,091
Instructional Staff	218,250	200,500	197,070	3,430
Board of Education	47,120	43,287	42,547	740
Administration	1,127,164	1,035,492	1,017,781	17,711
Fiscal	388,795	357,174	351,065	6,109
Business	25,985	23,871	23,463	408
Operation and Maintenance of Plant	871,840	800,934	787,235	13,699
Pupil Transportation	1,123,890	1,032,485	1,014,825	17,660
Extracurricular Activities	130,222	119,631	117,586	2,045
<i>Total Expenditures</i>	<u>9,959,322</u>	<u>9,149,334</u>	<u>8,992,840</u>	<u>156,494</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(955,964)</u>	<u>378,990</u>	<u>576,979</u>	<u>197,989</u>
<b>Other Financing Source (Use)</b>				
Refund of Prior Year Expenditures	2,236	2,367	2,377	10
Refund of Prior Year Receipts	(146)	(134)	(132)	2
<i>Total Other Financing Sources (Uses)</i>	<u>2,090</u>	<u>2,233</u>	<u>2,245</u>	<u>12</u>
<i>Net Change in Fund Balance</i>	(953,874)	381,223	579,224	198,001
<i>Fund Balance Beginning of Year</i>	1,251,963	1,251,963	1,251,963	0
<i>Prior Year Encumbrances Appropriated</i>	<u>192,472</u>	<u>192,472</u>	<u>192,472</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$490,561</u>	<u>\$1,825,658</u>	<u>\$2,023,659</u>	<u>\$198,001</u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2011*

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	Medical, Dental, and Vision Self-Insurance
<b>Current Assets</b>	
Cash and Cash Equivalents with Fiscal Agent	\$2,100,441
<b>Current Liabilities</b>	
Claims Payable	<u>146,379</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$1,954,062</u></u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2011*

	Medical, Dental, and Vision Self-Insurance
<b>Operating Revenues</b>	
Charges for Services	\$2,524,163
Other Revenue	7,413
Total Operating Revenues	2,531,576
<b>Operating Expenses</b>	
Purchased Services	472,423
Claims	1,204,844
<i>Total Operating Expenses</i>	1,677,267
<i>Operating Income</i>	854,309
<b>Non-Operating Revenues:</b>	
Interest	63,981
<i>Change in Net Assets</i>	918,290
<i>Net Assets Beginning of Year</i>	1,035,772
<i>Net Assets End of Year</i>	\$1,954,062

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2011

	Medical, Dental, and Vision Self-Insurance
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Transactions with Other Funds	\$2,524,163
Cash Received from Other Revenue	7,413
Cash Payments to Suppliers for Services	(472,423)
Cash Payments for Claims	(1,283,070)
<i>Net Cash Provided by Operating Activities</i>	776,083
<b>Cash Flows from Investing Activities:</b>	
Interest	63,981
Net Increase in Cash and Cash Equivalents	840,064
<i>Cash and Cash Equivalents Beginning of Year</i>	1,260,377
<i>Cash and Cash Equivalents End of Year</i>	\$2,100,441
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$854,309
<b>Changes in Liabilities</b>	
Decrease in Claims Payable	(78,226)
<i>Net Cash Provided by Operating Activities</i>	\$776,083

See accompanying notes to the basic financial statements



**Noble Local School District, Ohio**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2011*

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$34,334</u>	<u>\$30,638</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$30,638</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>34,334</u>	
Total Net Assets	<u>\$34,334</u>	

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Private Purpose Trust Parsons Scholarship
<b>Additions</b>	
Interest	\$517
<b>Deductions</b>	
Scholarships	0
<i>Change in Net Assets</i>	517
<i>Net Assets Beginning of Year</i>	33,817
<i>Net Assets End of Year</i>	\$34,334

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 - Description of the School District and Reporting Entity**

Noble Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 48 classified employees and 73 certified full time teaching personnel who provide services to 1,029 students and other community members.

***Reporting Entity:***

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Noble 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. The School District has no component units.

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), the Mid-East Career and Technology Center, the Coalition of Rural and Appalachian Schools, and the Ohio Coalition for Equity and Adequacy of School Funding, which are defined as jointly governed organizations; and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool; and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a claims servicing pool. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Noble 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 and its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below:

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***A. Basis of Presentation***

The School District's basic financial statements consist of government-wide 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 the fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. 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; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self balancing set of accounts. The School District classifies each fund as either governmental, proprietary, or fiduciary.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***Governmental Fund Types:***

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

***General Fund*** The General Fund is the operating fund of the School District and 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.

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

***Proprietary Fund Type:***

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The School District's only proprietary fund type is an Internal Service Fund.

***Internal Service Fund*** - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operations of the self-insurance program for employee medical, dental, and vision claims.

***Fiduciary Fund Types:***

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 therefore 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. 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 and Basis of Accounting***

***Government-wide Financial Statements***

The government-wide financial statements are prepared using the 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 accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

The private purpose trust fund is reported using the 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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the 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 Non-Exchange Transactions***

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal yearend: property taxes available as an advance, investment earnings, tuition, grants, fees, and rentals.

***Deferred Revenue***

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been 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 have also been reported as deferred revenue.

***Expenses/Expenditures***

On the accrual basis of accounting, 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, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations to the function and object level.

The certificate of estimated resources may be amended during the 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.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation 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.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***F. Cash and Cash Equivalents***

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" on the financial statements.

The School District utilizes OME-RESA to account for the self insurance internal service fund. This interest bearing depository account is presented in the financial statements as "cash and cash equivalents with fiscal agent" and represents deposits.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$25,736, which includes \$14,278 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities 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 not purchased from the pool are reported as investments.

***G. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption and donated and purchased food held for resale.

***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

***I. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. 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.



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

Description	Estimated Lives
Land Improvements	20-50 years
Buildings and Improvements	50 years
Furniture and Equipment	5-15 years
Vehicles	3-10 years

***J. Restricted Assets***

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

***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 that 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 vacation leave after an employee's anniversary hire date. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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 with twenty or more years of current service with the School District.

***L. Accrued Liabilities and Long-term Obligations***

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

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

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***M. Internal Activity***

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program 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.

***N. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

**Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**Restricted:** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Unassigned:** The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

***O. 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 balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation 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 and athletic and music programs and for federal and state grants restricted for specified purposes.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***P. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

***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.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 3 - Change in Accounting Principles and Restatement of Fund Balance**

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District's financial statements.

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General Fund	Other Governmental Funds	Total
Fund Balance at June 30, 2010	\$875,715	\$153,580	\$1,029,295
Change in Fund Structure	7,440	(7,440)	0
Adjusted Fund Balance at June 30, 2010	\$883,155	\$146,140	\$1,029,295

**Note 4 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**Noble Local School District, Ohio**  
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Fund Balances	General Fund	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$33,645	\$0	\$33,645
Unclaimed Monies	67,963	0	67,963
Materials and Supplies Inventory	26,936	4,020	30,956
<i>Total Nonspendable</i>	<u>128,544</u>	<u>4,020</u>	<u>132,564</u>
Restricted for:			
Local Grant Expenditures	0	3,048	3,048
Federal Grant Expenditures	0	8,475	8,475
Food Service Operations	0	21,015	21,015
Scholarships	0	9,224	9,224
Athletic Programs	0	12,363	12,363
<i>Total Restricted</i>	<u>0</u>	<u>54,125</u>	<u>54,125</u>
Assigned to:			
Capital Improvements	0	4,442	4,442
Other Purposes	72,083	0	72,083
<i>Total Assigned</i>	<u>72,083</u>	<u>4,442</u>	<u>76,525</u>
Unassigned:	1,124,287	0	1,124,287
<i>Total Fund Balances</i>	<u>\$1,324,914</u>	<u>\$62,587</u>	<u>\$1,387,501</u>

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance/retained earnings 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 Balances - Budget and Actual (Budget Basis) 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 GAAP basis are that:

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 an assignment of fund balance (GAAP basis).

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
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4. Unrecorded and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance

GAAP Basis	\$441,759
Revenue Accruals	133,088
Expenditure Accruals	106,532
Unreported Cash	479
Prepaid:	
Beginning of Fiscal Year	35,825
End of Fiscal Year	(33,645)
Encumbrances	<u>(104,814)</u>
Budget Basis	<u><u>\$579,224</u></u>

**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 that the Board 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 can 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;

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
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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;
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) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

At June 30, 2011, the School District's internal service fund had a cash balance of \$2,100,441 with OME-RESA, a claims servicing pool (See Note 19). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

**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, \$1,741,395 of the School District's bank balance of \$2,491,395 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

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 one hundred five percent of the deposits being secured.

**Investments** As of June 30, 2011, the School District had no investments.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 7 - 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 collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010, and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, 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 County Treasurer collects property taxes on behalf of all taxing districts in the County, including Noble Local School District. The School District receives property taxes from Guernsey, Monroe, and Noble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$287,741 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 2010, was \$428,895 in the General Fund.



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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$100,297,920	80.0%	\$101,229,300	66.0%
Public Utility Personal	25,352,230	20.0%	51,798,460	34.0%
Tangible Personal Property	269,840	0.0%	130,160	0.0%
	<u>\$125,919,990</u>	<u>100.0%</u>	<u>\$153,157,920</u>	<u>100.0%</u>
Tax Rate per \$1,000 of assessed valuation	\$30.50		\$30.50	

**Note 8 - Receivables**

Receivables at June 30, 2011, consisted of property taxes, accounts (billings for user charged services and tuition and fees), interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Title I	\$181,128
Part B - Idea	78,123
Part B - Idea (ARRA)	48,761
Title I (ARRA)	44,393
Race to the Top (Battelle for Kids)	43,979
Ohio Teacher Incentive Grant	42,755
Federal Food Service Reimbursement	38,743
Title II-A	32,152
Race to the Top	29,166
Other	4,761
Medicaid	3,878
Title II-D	644
	<u>\$548,483</u>

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$20,925	\$0	\$0	\$20,925
Depreciable Capital Assets:				
Land Improvements	782,281	0	0	782,281
Buildings and Improvements	7,842,072	0	0	7,842,072
Furniture and Equipment	776,166	91,986	(50,400)	817,752
Vehicles	1,410,136	81,390	(53,391)	1,438,135
Total Capital Assets being Depreciated	<u>10,810,655</u>	<u>173,376</u>	<u>(103,791)</u>	<u>10,880,240</u>
Less Accumulated Depreciation				
Land Improvements	(782,281)	0	0	(782,281)
Buildings and Improvements	(4,136,102)	(157,480)	0	(4,293,582)
Furniture and Equipment	(647,137)	(21,283)	36,650	(631,770)
Vehicles	(1,085,466)	(70,004)	53,391	(1,102,079)
Total Accumulated Depreciation	<u>(6,650,986)</u>	<u>(248,767) *</u>	<u>90,041</u>	<u>(6,809,712)</u>
Total Capital Assets being Depreciated, Net	<u>4,159,669</u>	<u>(75,391)</u>	<u>(13,750)</u>	<u>4,070,528</u>
Capital Assets, Net	<u>\$4,180,594</u>	<u>(\$75,391)</u>	<u>(\$13,750)</u>	<u>\$4,091,453</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$82,649
Special	20,630
Vocational	3,767
Support Services:	
Pupils	7,399
Instructional Staff	13,484
Administration	13,295
Fiscal	2,743
Operation and Maintenance of Plant	16,584
Pupil Transportation	71,181
Food Service Operations	15,848
Extracurricular Activities	1,187
Total Depreciation Expense	<u>\$248,767</u>

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 10 - Risk Management**

***A. Property and Liability***

The School District was 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 2011, the School District contracted with Ohio Casualty Insurance for the following commercial coverage:

- Property and equipment;
- Crime;
- Inland marine;
- General liability, benefits liability, stop gap liability, school leaders errors and omissions liability, sexual misconduct and molestation liability, and law enforcement liability; and
- Business auto and terrorism risk.

Blanket property coverage for fiscal year 2011 was in the amount of \$30,742,457. The deductible was \$2,500. Crime coverage had a limit of \$10,000 per loss and a \$500 deductible. Inland marine coverage had limits of \$50,000 - \$187,000 and a \$1,000 deductible. General liability coverage included a \$1,000,000 each occurrence limit and a \$2,000,000 aggregate limit and no deductible. Business auto coverage included liability, medical payments, uninsured motorists, underinsured motorists, comprehensive and collision. Auto liability had a \$1,000,000 combined single limit of liability and no deductible while the deductibles for comprehensive and collision were each \$500.

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

***B. Workers' Compensation***

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP 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 GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

***C. Employee Benefits***

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$146,379 reported in the internal service fund at June 30, 2011, is based on an estimate by OME-RESA and the application of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for 2010 and 2011 were:

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	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2010	\$157,256	\$824,895	\$757,546	\$224,605
2011	224,605	1,204,844	1,283,070	146,379

**Note 11 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$124,567, \$195,644 and \$111,598, respectively. For fiscal year 2011, 35.36 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

***B. State Teachers Retirement System***

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime

**Noble Local School District, Ohio**  
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monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, 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.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$511,165 and \$502 for the fiscal year ended June 30, 2011, and \$513,965 for the fiscal year ended June 30, 2010, and \$478,427 for the fiscal year ended June 30, 2009 for the DB Plan. The School District's contributions for the defined benefit portion of the Combined Plan were not available for 2010 and 2009. For fiscal year 2011, 83.97 percent has been contributed for the DB Plan and 83.97 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 were \$4,914 made by the School District and \$3,510 made by the plan members. In addition, member contributions of \$359 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, there are no employees who have elected Social Security. The Board's liability is 6.2 percent of wages.

**Note 12 - Postemployment Benefits**

***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 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 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$18,125 in surcharge.

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 contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$41,629, \$126, and \$69,040, respectively. For fiscal year 2011, 33.04 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$8,500, \$10,241, and \$9,806 respectively. For fiscal year 2011, 39.04 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

#### ***B. State Teachers Retirement System***

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health 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. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$39,320, \$39,536, and \$36,802 respectively. For fiscal year 2011, 83.97 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 13 - Other Employee Benefits**

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 fiscal year, depending upon length of service. Only one year's accumulation of vacation days can be carried forward to the next year. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract plus ninety, not to exceed 245 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 61.25 days for both certified and classified employees. For all days remaining beyond the maximum, classified employees are paid \$12 per day.

**Note 14 - Capital Leases**

In the current and prior fiscal years, the School District entered into capital leases for various pieces of equipment. The leases met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Actual principal payments in fiscal year 2011 totaled \$24,296. The capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures and changes in fund balances for the governmental funds.

	Governmental Activities
Furniture and Equipment	\$42,267
Less Accumulated Depreciation	(4,403)
Total June 30, 2011	\$37,864

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

Fiscal Year Ending	Amount
2012	\$9,510
2013	11,412
2014	11,412
2015	11,412
2016	4,745
Total	48,491
Less: Amount	
Representing Interest	(11,016)
Present Value of Net	
Minimum Lease Payments	\$37,475

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 15 - Long-Term Obligations**

Changes in general long-term obligations of the School District during fiscal year 2011 were as follows:

	Principal Outstanding 6/30/10	Additions	Deductions	Principal Outstanding 6/30/11	Amounts Due within One Year
Capital Leases Payable	\$19,504	\$42,267	\$24,296	\$37,475	\$5,875
Sick Leave Benefits Payable	555,553	103,837	84,313	575,077	53,555
Total Long-Term Obligations	<u>\$575,057</u>	<u>\$146,104</u>	<u>\$108,609</u>	<u>\$612,552</u>	<u>\$59,430</u>

The capital lease will be paid from the General and Permanent Improvement Capital Projects Funds. Sick leave benefits will be paid from the General Fund and Food Service and Miscellaneous Federal Grants Special Revenue Funds.

The School District's overall legal debt margin at June 30, 2011, was \$13,784,213, with an unvoted debt margin of \$153,158.

**Note 16 - Interfund Activity**

Unpaid interfund cash advances at June 30, 2011, were as follows:

	Receivables	Payables
General Fund	\$32,269	\$0
Nonmajor Special Revenue Funds:		
Athletic and Music		2,970
Federal Grant Funds	0	29,299
Total All Funds	<u>\$32,269</u>	<u>\$32,269</u>

The Federal Grant Funds payable to the General Fund is due to a cash deficit at June 30, 2011. The remaining interfund receivable/payable is due to lags between the dates the interfund service was provided and when the transaction was recorded in the accounting system and when payments between funds were made.

**Note 17 - Jointly Governed Organizations**

**A. Oho Mid-Eastern Regional Educational Service Agency (OME-RESA)**

The Oho Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has 12 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, and Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. During



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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fiscal year 2011, the Noble Local School District paid \$85,378 to OME-RESA. Financial statements can be obtained from OME-RESA, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

***B. Mid-East Career and Technology Center***

The Mid-East Career and Technology Center, a joint vocational school, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 13 participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Mid-East Career and Technology Center, Rick White, Treasurer, at 400 Richards Road, Zanesville, Ohio 45701.

***C. Coalition of Rural and Appalachian Schools***

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$325 for fiscal year 2011. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

***D. Ohio Coalition for Equity and Adequacy of School Funding***

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2011, the School District did not make any payments to the Coalition.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 18 - Insurance Purchasing Pool**

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating School District pays an enrollment fee to the GRP to cover the costs of administering the plan.

**Note 19 - Claims Servicing Pool**

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, a claims servicing pool composed of fifty members. The Plan's business and affairs are conducted by a nine member Board of Directors elected by the OME-RESA's assembly. The member pays a monthly premium based on their claims history and a monthly administration fee. All participating members retain their risk. The Plan acts solely as the claims servicing agent.

**Note 20 - Set-Aside Calculations**

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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks and capital improvements. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set Aside Reserve Balance at June 30, 2010	\$0	\$0
Current Year Set Aside Requirement	152,615	152,615
Current Year Qualifying Expenditures	(146,829)	(192,443)
Excess Qualified Expenditures from Prior Years	<u>(45,338)</u>	<u>\$0</u>
Total	<u>(\$39,552)</u>	<u>(\$39,828)</u>
Balance Carried Forward to Future Fiscal Years	<u>(\$39,552)</u>	<u>\$0</u>
Set Aside Reserve Balance at June 30, 2011	\$0	\$0

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

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 21 - Donor Restricted Endowments**

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion are \$34,334. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

**Note 22 - 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 are 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, 2011.

***B. Litigation***

The Noble Local School District is currently not a party to any legal proceedings.

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**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010/2011	10.555	\$ 34,649	\$ 34,649
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	124,702	124,702
National School Lunch Program	2010/2011	10.555	186,891	186,891
Cash Assistance Subtotal			<u>311,593</u>	<u>311,593</u>
Total Child Nutrition Cluster			<u>311,593</u>	<u>311,593</u>
Total U.S. Department of Agriculture			346,242	346,242
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Cluster:				
Title 1 Grants to Local Educational Agencies	2010	84.010	35,957	46,180
	2011		243,671	258,387
Total Title 1 Grants to Local Educational Agencies			<u>279,628</u>	<u>304,567</u>
ARRA - Title 1 Grants to Local Educational Agencies	2010	84.389	(4,280)	30,117
	2011		50,664	49,949
Total ARRA - Title 1 Grants to Local Educational Agencies			<u>46,384</u>	<u>80,066</u>
Total Title 1 Cluster			326,012	384,633
Special Education Cluster:				
Special Education - Grants to States	2009	84.027		4,908
	2010		10,027	30,523
	2011		176,462	190,205
Total Special Education - Grants to States			<u>186,489</u>	<u>225,636</u>
Special Education - Preschool Grants	2010	84.173	8,502	8,502
ARRA - Special Education - Grants to States	2010	84.391	7,614	25,419
	2011		120,261	117,667
Total ARRA - Special Education - Grants to States			<u>127,875</u>	<u>143,086</u>
Total Special Education Cluster			322,866	377,224
Safe and Drug-Free Schools and Communities - State Grants	2010	84.186	677	
	2011		4,139	4,139
Total Safe and Drug-Free Schools and Communities - State Grants			<u>4,816</u>	<u>4,139</u>
Education Technology State Grants	2010	84.318	(277)	
	2011		2,263	2,262
Total Education Technology State Grants			<u>1,986</u>	<u>2,262</u>
Improving Teacher Quality State Grants	2010	84.367	6,052	16,051
	2011		68,186	69,995
Total Improving Teacher Quality State Grants			<u>74,238</u>	<u>86,046</u>
ARRA - Teacher Incentive Fund	2011	84.385	22,806	20,536
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010	84.394		49,535
	2011		446,223	446,223
Total ARRA - State Fiscal Stabilization Fund - Education State Grants			<u>446,223</u>	<u>495,758</u>
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top	2011	84.395	14,670	10,504
Total U.S. Department of Education			<u>1,213,617</u>	<u>1,381,102</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<u><b>\$ 1,559,859</b></u>	<u><b>\$ 1,727,344</b></u>

*The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.*

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the School District's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – SUBRECIPIENTS**

The School District passes certain federal awards received from Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and the subrecipients achieve the award's performance goals.

**NOTE C – CHILD NUTRITION CLUSTER**

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at fair value. The School District allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from 2010 to 2011 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
ARRA – Title I Grants to Local Educational Agencies	84.389	\$4,280
Education Technology State Grants	84.318	277



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Noble Local School District  
Noble County  
20977 Zep Road East  
Sarahsville, Ohio 43779

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 13, 2012, wherein we noted the School District has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies and pass-through entities and others within the School District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

March 13, 2012





# Dave Yost • Auditor of State

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

Noble Local School District  
Noble County  
20977 Zep Road East  
Sarahsville, Ohio 43779

To the Board of Education:

### Compliance

We have audited the compliance of the Noble Local School District, Noble County, Ohio (the 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 could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with these requirements.

In our opinion, the Noble Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of 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 over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, others within the School District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

March 13, 2012

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified.
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Cluster – CFDA #'s 84.010, 84.389 Special Education Cluster - CFDA #'s 84.027, 84.173, 84.391 State Fiscal Stabilization Fund – Education State Grants - CFDA #84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Noble Local School District  
Noble County  
20977 Zep Road East  
Sarahsville, Ohio 43779

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on June 17, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying

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

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

A handwritten signature in cursive script that reads "Dave Yost".

**Dave Yost**  
Auditor of State

March 13, 2012

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# Dave Yost • Auditor of State

**NOBLE LOCAL SCHOOL DISTRICT**

**NOBLE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 27, 2012**