



Dave Yost • Auditor of State

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund	17
Statement of Fund Net Assets – Internal Service Fund.....	18
Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Fund	19
Statement of Cash Flows – Internal Service Fund	20
Statement of Fiduciary Net Assets – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Fund	22
Notes to the Basic Financial Statements	23
Federal Awards Receipts and Expenditures Schedule.....	47
Notes to the Federal Awards Receipts and Expenditures Schedule	48
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	51
Schedule of Findings – OMB Circular A-133 § .505	53

This page intentionally left blank.



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, 2012, 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013, 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 7, 2013

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The discussion and analysis of the Noble Local School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. 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 2012 are as follows:

- Total net assets of the School District increased by \$2,437,653. Restricted net assets increased by \$264,917. Unrestricted net assets increased by \$2,231,042.
- General revenues accounted for \$10,726,147 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions, and interest accounted for \$2,743,521 or 20% of total revenues of \$13,469,668.
- The School District had \$11,032,015 in expenses related to governmental activities; only \$2,743,521 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$10,726,147 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 \$11,026,644 and expenditures in the amount of \$9,236,625. The General Fund's balance increased in the amount of \$1,361,690.

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 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, 2012
Unaudited

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 2012?" 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, 2012
 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 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 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 School 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 2012 compared to 2011.

Table 1
Net Assets

	Governmental Activities		
	2012	2011	Change
Assets			
Current and Other Assets	\$10,318,317	\$8,032,952	\$2,285,365
Capital Assets	4,026,650	4,091,453	(64,803)
Total Assets	<u>14,344,967</u>	<u>12,124,405</u>	<u>2,220,562</u>
Liabilities			
Long-term Liabilities	538,836	612,552	(73,716)
Other Liabilities	<u>4,170,783</u>	<u>4,314,158</u>	<u>(143,375)</u>
Total Liabilities	<u>4,709,619</u>	<u>4,926,710</u>	<u>(217,091)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,995,672	4,053,978	(58,306)
Restricted	682,061	417,144	264,917
Unrestricted	<u>4,957,615</u>	<u>2,726,573</u>	<u>2,231,042</u>
Total Net Assets	<u><u>\$9,635,348</u></u>	<u><u>\$7,197,695</u></u>	<u><u>\$2,437,653</u></u>

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Total assets of governmental activities increased \$2,220,562. Current assets increased by \$2,285,365 primarily due to an increase in cash and cash equivalents of \$1,024,374 and an increase in property taxes receivable of \$1,067,172. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely. The increase in property taxes receivable was primarily due to a decrease in uncollectable delinquent taxes. The increase in assets was offset slightly by a decrease in capital assets in the amount of \$64,803, primarily due to current year depreciation exceeding capital asset additions.

Total liabilities decreased \$217,091 mainly due to a decrease of \$43,485 in accounts payable and a decrease of \$193,075 in deferred revenue. These decreases were offset slightly by an increase of \$17,782 in claims payable.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2012, and comparisons to fiscal year 2011.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
 Unaudited

Table 2
 Changes in Net Assets

	Governmental Activities	
	2012	2011
Revenues		
Program Revenues:		
Charges for Services	\$1,039,842	\$1,044,591
Operating Grants, Contributions and Interest	1,703,679	1,659,358
Total Program Revenues	<u>2,743,521</u>	<u>2,703,949</u>
General Revenues:		
Property Taxes	4,782,933	2,395,497
Grants and Entitlements	5,636,001	6,049,716
Investment Earnings	33,944	90,061
Gifts and Donations	1,085	1,300
Rent	234,040	749
Miscellaneous	38,144	15,930
Total General Revenues	<u>10,726,147</u>	<u>8,553,253</u>
Total Revenues	<u>13,469,668</u>	<u>11,257,202</u>
Program Expenses		
Instruction:		
Regular	4,356,770	4,380,313
Special	1,114,863	1,075,909
Vocational	345,863	300,365
Support Services:		
Pupils	426,393	201,862
Instructional Staff	398,223	392,878
Board of Education	66,524	46,767
Administration	1,258,257	1,119,271
Fiscal	408,375	380,482
Business	18,442	23,463
Operation and Maintenance of Plant	877,882	787,652
Pupil Transportation	974,838	852,324
Central	9,009	3,359
Operation of Non-Instructional Services:		
Other	291	0
Food Service Operations	546,312	524,684
Extracurricular Activities	226,009	197,449
Interest and Fiscal Charges	3,964	4,384
Total Expenses	<u>11,032,015</u>	<u>10,291,162</u>
Change in Net Assets	2,437,653	966,040
Net Assets Beginning of Year	<u>7,197,695</u>	<u>6,231,655</u>
Net Assets End of Year	<u>\$9,635,348</u>	<u>\$7,197,695</u>

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
 Unaudited

Most federal program awards remained consistent with 2011 funding levels. Approximately 53% 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 45% of general revenues for governmental activities for the School District in fiscal year 2012.

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	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2012	2012	2011	2011
Program Expenses				
Instruction:				
Regular	\$4,356,770	\$3,297,691	\$4,380,313	\$3,499,490
Special	1,114,863	708,710	1,075,909	507,385
Vocational	345,863	257,522	300,365	212,024
Support Services:				
Pupils	426,393	381,686	201,862	176,997
Instructional Staff	398,223	176,992	392,878	100,485
Board of Education	66,524	66,524	46,767	46,767
Administration	1,258,257	1,030,629	1,119,271	913,801
Fiscal	408,375	407,286	380,482	379,051
Business	18,442	18,442	23,463	23,463
Operation and Maintenance of Plant	877,882	877,637	787,652	786,630
Pupil Transportation	974,838	911,137	852,324	835,488
Central	9,009	4,585	3,359	(816)
Operation of Non-Instructional Services:				
Other	291	291	0	0
Food Service Operations	546,312	16,107	524,684	(1,754)
Extracurricular Activities	226,009	129,291	197,449	103,818
Interest and Fiscal Charges	3,964	3,964	4,384	4,384
Total	\$11,032,015	\$8,288,494	\$10,291,162	\$7,587,213

The dependence upon tax revenues and State subsidies for governmental activities is apparent. 75% of program expenses are supported through taxes and other general revenues.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
 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 \$12,720,271 and expenditures of \$11,250,453. The School District continued to focus its efforts to monitor expenditures, with modest increases in supply and purchased services 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 2012, 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 \$10,345,971. This is \$4,335 above final estimates of \$10,341,636. This is mainly due to additional extracurricular revenues received exceeding expectations. Final estimated revenues were above original estimates of \$9,121,906 due to conservative estimates of intergovernmental revenues, property taxes, and the unexpected lease bonus revenue posted as rent. Final expenditures of \$9,331,982 were \$518,171 below the final appropriations of \$9,850,153. Original appropriations were increased \$1,256,767. This increase is attributable to planning to expend additional taxes and intergovernmental revenues as well as budgeting for transfers to the permanent improvement fund.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the School District had \$4,026,650 invested in land and land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2012 balances compared to 2011.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2012	2011
Land	\$20,925	\$20,925
Construction in Progress	46,763	0
Buildings and Improvements	3,445,010	3,548,490
Furniture and Equipment	164,367	185,982
Vehicles	349,585	336,056
Totals	\$4,026,650	\$4,091,453

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

During fiscal year 2012, 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, 2012, the School District had \$30,978 in capital leases outstanding.

Table 5
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Capital Leases	\$30,978	\$37,475

See Notes 14 and 15 to the basic financial statements for more information on capital leases.

Current Issues

In each of the past five years (except 2010), the School District's 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 2014. 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. Additionally, insurance benefits are predicted to increase 10% each year based on industry trends.

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.

In July 2012 the Board of Education's request for participation in the State Credit Enhancement Program created under Ohio Revised Code Section 3317.18 was approved by the Ohio Department of Education. The District issued \$719,999.85 in energy conservation improvement bonds, dated August 15, 2012, for the purpose of upgrading inefficient systems and reducing energy and operating costs at both the high school complex and the middle/elementary school complex.

The Board of Education and administration of the School District continue 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 Trenda 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, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,197,658
Cash and Cash Equivalents with Fiscal Agent	2,342,298
Materials and Supplies Inventory	27,168
Intergovernmental Receivable	506,670
Prepaid Items	33,043
Accounts Receivable	22,117
Property Taxes Receivable	4,189,363
Nondepreciable Capital Assets	67,688
Depreciable Capital Assets, Net	<u>3,958,962</u>
<i>Total Assets</i>	<u>14,344,967</u>
Liabilities	
Accounts Payable	71,619
Accrued Wages and Benefits Payable	967,991
Contracts Payable	100,763
Intergovernmental Payable	298,521
Vacation Benefits Payable	49,080
Claims Payable	164,161
Deferred Revenue	2,518,648
Long-Term Liabilities:	
Due Within One Year	66,990
Due In More Than One Year	<u>471,846</u>
<i>Total Liabilities</i>	<u>4,709,619</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,995,672
Restricted for:	
Unclaimed Monies	59,714
Food Service	15,358
State Programs	2,113
Federal Programs	250,177
Capital Outlay	332,008
Other Purposes	22,691
Unrestricted	<u>4,957,615</u>
<i>Total Net Assets</i>	<u><u>\$9,635,348</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, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$4,356,770	\$754,970	\$304,109	(\$3,297,691)
Special	1,114,863	0	406,153	(708,710)
Vocational	345,863	0	88,341	(257,522)
Support Services:				
Pupils	426,393	0	44,707	(381,686)
Instructional Staff	398,223	0	221,231	(176,992)
Board of Education	66,524	0	0	(66,524)
Administration	1,258,257	0	227,628	(1,030,629)
Fiscal	408,375	0	1,089	(407,286)
Business	18,442	0	0	(18,442)
Operation and Maintenance of Plant	877,882	245	0	(877,637)
Pupil Transportation	974,838	0	63,701	(911,137)
Central	9,009	0	4,424	(4,585)
Operation of Non-Instructional Services:				
Other	291	0	0	(291)
Food Service Operations	546,312	190,929	339,276	(16,107)
Extracurricular Activities	226,009	93,698	3,020	(129,291)
Interest and Fiscal Charges	3,964	0	0	(3,964)
Totals	\$11,032,015	\$1,039,842	\$1,703,679	(8,288,494)
General Revenues				
				4,782,933
Property Taxes Levied for General Purposes				
Grants and Entitlements not Restricted to Specific Programs				5,636,001
Investment Earnings				33,944
Rent				234,040
Gifts and Donations				1,085
Miscellaneous				38,144
<i>Total General Revenues</i>				<u>10,726,147</u>
<i>Change in Net Assets</i>				2,437,653
<i>Net Assets Beginning of Year</i>				<u>7,197,695</u>
<i>Net Assets End of Year</i>				<u><u>\$9,635,348</u></u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,622,478	\$515,466	\$3,137,944
Receivables:			
Property Taxes	4,189,363	0	4,189,363
Accounts	21,635	482	22,117
Intergovernmental	2,343	504,327	506,670
Interfund	89,125	0	89,125
Prepaid Items	33,043	0	33,043
Materials and Supplies Inventory	22,777	4,391	27,168
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	59,714	0	59,714
<i>Total Assets</i>	<u>\$7,040,478</u>	<u>\$1,024,666</u>	<u>\$8,065,144</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$59,804	\$11,815	\$71,619
Accrued Wages and Benefits Payable	804,265	163,726	967,991
Contracts Payable	0	100,763	100,763
Interfund Payable	0	89,125	89,125
Intergovernmental Payable	261,631	36,890	298,521
Deferred Revenue	3,228,174	451,632	3,679,806
<i>Total Liabilities</i>	<u>4,353,874</u>	<u>853,951</u>	<u>5,207,825</u>
Fund Balances			
Nonspendable	115,534	4,391	119,925
Restricted	0	35,771	35,771
Assigned	567,831	332,008	899,839
Unassigned	2,003,239	(201,455)	1,801,784
<i>Total Fund Balance</i>	<u>2,686,604</u>	<u>170,715</u>	<u>2,857,319</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,040,478</u>	<u>\$1,024,666</u>	<u>\$8,065,144</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, 2012*

Total Governmental Fund Balances		\$2,857,319
 <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.		4,026,650
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	689,363	
Grants	451,632	
Tuition and Fees	20,163	1,161,158
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.		2,178,137
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.		(49,080)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Lease Payable	(30,978)	
Sick Leave Benefits Payable	(507,858)	(538,836)
Net Assets of Governmental Activities		\$9,635,348

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, 2012

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$4,216,297	\$0	\$4,216,297
Intergovernmental	5,746,116	1,425,451	7,171,567
Investment Earnings	18,599	157	18,756
Charges for Services	0	190,929	190,929
Tuition and Fees	752,490	0	752,490
Extracurricular Activities	29,089	64,609	93,698
Rent	234,285	0	234,285
Gifts and Donations	1,085	3,020	4,105
Miscellaneous	28,683	9,461	38,144
<i>Total Revenues</i>	<u>11,026,644</u>	<u>1,693,627</u>	<u>12,720,271</u>
Expenditures			
Current:			
Instruction:			
Regular	4,106,920	306,861	4,413,781
Special	718,132	427,381	1,145,513
Vocational	346,161	0	346,161
Support Services:			
Pupils	369,984	47,397	417,381
Instructional Staff	167,631	229,712	397,343
Board of Education	65,524	1,000	66,524
Administration	1,013,830	238,319	1,252,149
Fiscal	421,404	1,159	422,563
Business	18,442	0	18,442
Operation and Maintenance of Plant	855,866	0	855,866
Pupil Transportation	990,787	41,556	1,032,343
Central	4,299	4,710	9,009
Operation of Non-Instructional Services	291	539,882	540,173
Extracurricular Activities	146,893	75,088	221,981
Capital Outlay	0	100,763	100,763
Debt Service:			
Principal Retirement	6,497	0	6,497
Interest and Fiscal Charges	3,964	0	3,964
<i>Total Expenditures</i>	<u>9,236,625</u>	<u>2,013,828</u>	<u>11,250,453</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,790,019</u>	<u>(320,201)</u>	<u>1,469,818</u>
Other Financing Source (Use)			
Transfers In	0	428,329	428,329
Transfers Out	(428,329)	0	(428,329)
<i>Total Other Financing Source (Use)</i>	<u>(428,329)</u>	<u>428,329</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,361,690	108,128	1,469,818
<i>Fund Balances Beginning of Year</i>	<u>1,324,914</u>	<u>62,587</u>	<u>1,387,501</u>
<i>Fund Balances End of Year</i>	<u>\$2,686,604</u>	<u>\$170,715</u>	<u>\$2,857,319</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, 2012*

Net Change in Fund Balances - Total Governmental Funds	\$1,469,818
---	--------------------

*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	191,143	
Depreciation Expense	<u>(248,470)</u>	(57,327)

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. (7,476)

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

Delinquent Taxes	566,636	
Grants	165,038	
Tuition and Fees	<u>2,480</u>	734,154

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 6,497

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	693	
Sick Leave Benefits Payable	<u>67,219</u>	67,912

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. 224,075

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$2,437,653</u></u>
--	---------------------------

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, 2012*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$2,999,464	\$3,518,375	\$3,522,686	\$4,311
Intergovernmental	5,304,032	5,752,298	5,763,539	11,241
Investment Earnings	25,925	18,599	18,599	0
Tuition and Fees	747,438	756,802	756,802	0
Extracurricular Activities	4,319	5,807	29,092	23,285
Rent	807	234,485	234,485	0
Gifts and Donations	905	1,085	1,085	0
Miscellaneous	39,016	54,185	19,683	(34,502)
<i>Total Revenues</i>	<u>9,121,906</u>	<u>10,341,636</u>	<u>10,345,971</u>	<u>4,335</u>
Expenditures				
Current:				
Instruction:				
Regular	3,855,385	4,349,530	4,186,753	162,777
Special	663,152	781,955	720,150	61,805
Vocational	317,492	355,036	344,780	10,256
Support Services:				
Pupils	315,701	381,364	342,835	38,529
Instructional Staff	157,376	222,168	170,902	51,266
Board of Education	63,215	74,446	68,648	5,798
Administration	937,121	1,083,224	1,017,666	65,558
Fiscal	393,443	432,556	427,259	5,297
Business	16,982	18,442	18,442	0
Operation and Maintenance of Plant	794,772	939,207	863,082	76,125
Pupil Transportation	939,652	1,056,126	1,020,415	35,711
Central	3,959	4,427	4,299	128
Operation of Non-Instructional Services	268	1,668	291	1,377
Extracurricular Activities	134,868	150,004	146,460	3,544
<i>Total Expenditures</i>	<u>8,593,386</u>	<u>9,850,153</u>	<u>9,331,982</u>	<u>518,171</u>
<i>Excess of Revenues Over Expenditures</i>	<u>528,520</u>	<u>491,483</u>	<u>1,013,989</u>	<u>522,506</u>
Other Financing Source (Uses)				
Refund of Prior Year Expenditures	2,400	4,576	4,576	0
Refund of Prior Year Receipts	0	(33)	0	33
Transfers Out	(394,428)	(428,329)	(428,329)	0
<i>Total Other Financing Source (Uses)</i>	<u>(392,028)</u>	<u>(423,786)</u>	<u>(423,753)</u>	<u>33</u>
<i>Net Change in Fund Balance</i>	136,492	67,697	590,236	522,539
<i>Fund Balance Beginning of Year</i>	2,023,659	2,023,659	2,023,659	0
Prior Year Encumbrances Appropriated	104,814	104,814	104,814	0
<i>Fund Balance End of Year</i>	<u>\$2,264,965</u>	<u>\$2,196,170</u>	<u>\$2,718,709</u>	<u>\$522,539</u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio

Statement of Fund Net Assets

Internal Service Fund

June 30, 2012

	<u>Medical, Dental, and Vision Self-Insurance</u>
Current Assets	
Cash and Cash Equivalents with Fiscal Agent	\$2,342,298
Current Liabilities	
Claims Payable	<u>164,161</u>
Net Assets	
Unrestricted	<u><u>\$2,178,137</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, 2012*

	Medical, Dental, and Vision Self-Insurance
Operating Revenues	
Charges for Services	\$2,123,058
Operating Expenses	
Purchased Services	529,400
Claims	1,384,826
<i>Total Operating Expenses</i>	1,914,226
<i>Operating Income</i>	208,832
Non-Operating Revenues:	
Interest	15,243
<i>Change in Net Assets</i>	224,075
<i>Net Assets Beginning of Year</i>	1,954,062
<i>Net Assets End of Year</i>	\$2,178,137

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, 2012

	Medical, Dental, and Vision Self-Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Transactions with Other Funds	\$2,123,058
Cash Payments to Suppliers for Services	(529,400)
Cash Payments for Claims	(1,367,044)
<i>Net Cash Provided by Operating Activities</i>	226,614
Cash Flows from Investing Activities:	
Interest	15,243
Net Increase in Cash and Cash Equivalents	241,857
<i>Cash and Cash Equivalents Beginning of Year</i>	2,100,441
<i>Cash and Cash Equivalents End of Year</i>	\$2,342,298
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$208,832
Changes in Liabilities	
Increase in Claims Payable	17,782
<i>Net Cash Provided by Operating Activities</i>	\$226,614
See accompanying notes to the basic financial statements	

Noble Local School District, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$34,022</u>	<u>\$27,606</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$27,606</u>
Net Assets		
Held in Trust for Scholarships	<u>34,022</u>	
Total Net Assets	<u>\$34,022</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, 2012

	Private Purpose Trust Parsons Scholarship
Additions	
Interest	\$383
Deductions	
Scholarships	695
<i>Change in Net Assets</i>	(312)
<i>Net Assets Beginning of Year</i>	34,334
<i>Net Assets End of Year</i>	\$34,022

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, 2012

Note 1 - Description of the School District and Reporting Entity

Noble Local School District (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 45 classified employees and 74 certified full time teaching personnel who provide services to 997 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 the 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 18, 19, and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the 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, 2012

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.

Governmental Fund Types:

Governmental funds are those through which most governmental functions typically are financed.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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.

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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.

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.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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, 2012, but which were levied to finance fiscal year 2013 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, 2012

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 2012 amounted to \$18,599, which includes \$9,776 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, 2012, 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, 2012

All reported capital assets, except land and construction in progress, 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:

<u>Description</u>	<u>Estimated Lives</u>
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 termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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.

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.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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.

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.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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.

Note 3 - 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Fund Balances	General Fund	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$33,043	\$0	\$33,043
Unclaimed Monies	59,714	0	59,714
Materials and Supplies Inventory	22,777	4,391	27,168
<i>Total Nonspendable</i>	<u>115,534</u>	<u>4,391</u>	<u>119,925</u>
Restricted for:			
Local Grant Expenditures	0	2,113	2,113
Food Service Operations	0	10,967	10,967
Scholarships	0	8,326	8,326
Athletic Programs	0	14,365	14,365
<i>Total Restricted</i>	<u>0</u>	<u>35,771</u>	<u>35,771</u>
Assigned to:			
Capital Improvements	0	332,008	332,008
Encumbrances	16,548	0	16,548
Other Purposes	10,335	0	10,335
Fiscal Year 2013 Appropriations	540,948	0	540,948
<i>Total Assigned</i>	<u>567,831</u>	<u>332,008</u>	<u>899,839</u>
Unassigned:	2,003,239	(201,455)	1,801,784
<i>Total Fund Balances</i>	<u><u>\$2,686,604</u></u>	<u><u>\$170,715</u></u>	<u><u>\$2,857,319</u></u>

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2012:

	Deficit Fund Balances
Special Revenue Funds:	
Education Jobs	\$64,863
Race to the Top	5,954
Miscellaneous Federal Grants	130,638
	<u>\$201,455</u>

The deficits in the Special Revenue Funds are the result of over-expended grant resources and accrued liabilities. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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).
4. 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	\$1,361,690
Revenue Accruals	(676,097)
Expenditure Accruals	(55,424)
Prepaid:	
Beginning of Fiscal Year	33,645
End of Fiscal Year	(33,043)
Encumbrances	<u>(40,535)</u>
Budget Basis	<u><u>\$590,236</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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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;
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 (STAR Ohio); 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, 2012, the School District's internal service fund had a cash balance of \$2,342,298 with OME-RESA, a claims servicing pool (see Note 20). 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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,178,189 of the School District's bank balance of \$3,928,290 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, 2012, the School District had no investments.

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 and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or 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 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011, and are collected 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.

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, 2012, are available to finance fiscal year 2012 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 and public utility property taxes which were measurable as of June 30, 2012, 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 reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2012, was \$981,352 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 2011, was \$287,741 in the General Fund.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 2012 taxes were collected are:

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$96,542,480	63.03%	\$98,009,280	60.42%
Commerical/Industrial and Public Utility Real	4,686,820	3.06%	4,846,900	2.99%
Public Utility Personal	51,928,620	33.91%	59,358,330	36.59%
	\$153,157,920	100.00%	\$162,214,510	100.00%
Tax Rate per \$1,000 of assessed valuation		\$30.50		\$30.50

Note 8 - Receivables

Receivables at June 30, 2012, 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:

	Amounts
Governmental Activities	
Title I	\$214,322
Part B - Idea	72,776
Education Jobs Grant	67,802
Title II-A	41,637
Ohio Teacher Incentive Grant	39,195
Race to the Top	31,341
Race to the Top (Battelle for Kids)	27,343
Title VI-B, Rural and Low Income	6,976
Title II-D	2,935
Noble County Job and Family Services	2,318
Ohio University	25
Total	\$506,670

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/2011	Additions	Deductions	Balance 6/30/2012
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$20,925	\$0	\$0	\$20,925
Construction in Progress	0	46,763	0	46,763
Total Capital Assets not being Depreciated	<u>20,925</u>	<u>46,763</u>	<u>0</u>	<u>67,688</u>
Depreciable Capital Assets:				
Land Improvements	782,281	0	0	782,281
Buildings and Improvements	7,842,072	54,000	0	7,896,072
Furniture and Equipment	817,752	7,935	(7,476)	818,211
Vehicles	1,438,135	82,445	(108,453)	1,412,127
Total Capital Assets being Depreciated	<u>10,880,240</u>	<u>144,380</u>	<u>(115,929)</u>	<u>10,908,691</u>
Less Accumulated Depreciation				
Land Improvements	(782,281)	0	0	(782,281)
Buildings and Improvements	(4,293,582)	(157,480)	0	(4,451,062)
Furniture and Equipment	(631,770)	(22,074)	0	(653,844)
Vehicles	(1,102,079)	(68,916)	108,453	(1,062,542)
Total Accumulated Depreciation	<u>(6,809,712)</u>	<u>(248,470) *</u>	<u>108,453</u>	<u>(6,949,729)</u>
Total Capital Assets being Depreciated, Net	<u>4,070,528</u>	<u>(104,090)</u>	<u>(7,476)</u>	<u>3,958,962</u>
Capital Assets, Net	<u>\$4,091,453</u>	<u>(\$57,327)</u>	<u>(\$7,476)</u>	<u>\$4,026,650</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$85,191
Special	22,504
Vocational	4,556
Support Services:	
Pupils	6,413
Instructional Staff	8,740
Administration	18,206
Fiscal	1,187
Operation and Maintenance of Plant	14,055
Pupil Transportation	68,047
Food Service Operations	17,943
Extracurricular Activities	1,628
Total Depreciation Expense	<u>\$248,470</u>

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 2012, 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 2012 was in the amount of \$33,955,566. 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 2012, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). 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 \$164,161 reported in the internal service fund at June 30, 2012, 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 2011 and 2012 were:

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2011	\$224,605	\$1,204,844	\$1,283,070	\$146,379
2012	146,379	1,384,826	1,367,044	164,161

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at 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, 2012, the allocation to pension and death benefits was 12.70 percent. The remaining 1.3 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, 2012, 2011, and 2010, were \$131,824, \$124,567 and \$195,644, respectively. For fiscal year 2012, 55.35 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

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 plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to 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.

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 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, 2012, 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 for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010, were \$552,061, \$511,165, and \$513,965, respectively. For fiscal year 2012, 79.65 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$10,419 made by the School District and \$7,442 made by the plan members.

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, 2012, there are no employees who have elected Social Security.

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 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 under Employers/Audit Resources.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 2012, .55 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 2012, this amount was \$35,800.

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, 2012, 2011, and 2010, were \$17,415, \$41,629, and \$126, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010, were \$7,358, \$8,500, and \$10,241 respectively. For fiscal year 2012, 52.76 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

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 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 2012, 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, 2012, 2011, and 2010, were \$42,466, \$39,320, and \$39,536 respectively. For fiscal year 2012, 79.65 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

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.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 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 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 2012 totaled \$6,497. 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	(11,447)
Total June 30, 2012	\$30,820

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, 2012.

Fiscal Year Ending	Amount
2013	\$10,461
2014	11,412
2015	11,412
2016	4,745
Total	38,030
Less: Amount	
Representing Interest	(7,052)
Present Value of Net	
Minimum Lease Payments	\$30,978

Note 15 - Long-Term Obligations

Changes in general long-term obligations of the School District during fiscal year 2012 were as follows:

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

	Principal Outstanding 6/30/11	Additions	Deductions	Principal Outstanding 6/30/12	Amounts Due within One Year
Capital Leases Payable	\$37,475	\$0	\$6,497	\$30,978	\$7,282
Sick Leave Benefits Payable	575,077	23,254	90,473	507,858	59,708
Total Long-Term Obligations	<u>\$612,552</u>	<u>\$23,254</u>	<u>\$96,970</u>	<u>\$538,836</u>	<u>\$66,990</u>

The capital lease will be paid from the General Fund. Sick leave benefits will be paid from the General Fund and Food Service Special Revenue Fund.

The School District's overall legal debt margin at June 30, 2012, was \$14,599,306, with an unvoted debt margin of \$162,215.

Note 16 - Contractual Commitment

As of June 30, 2012, the School District had a contractual purchase commitment as follows:

Project	Fund	Contract Amount	Amount Expended	Amount Remaining
High School Roof Project	Permanent Improvement	\$140,289	\$46,763	\$93,526

Note 17 - Interfund Activity

The General Fund transferred \$428,329 to the Permanent Improvement Capital Projects Fund during fiscal year 2012. The transfer was for various construction projects for the School District.

Unpaid interfund cash advances at June 30, 2012, were as follows:

	Receivables	Payables
General Fund	\$89,125	\$0
Nonmajor Special Revenue Funds:		
Athletic and Music	0	3,113
Education Jobs Grant	0	3,540
Race to the Top Grant	0	16,301
Federal Grant Funds	0	66,171
Total All Funds	<u>\$89,125</u>	<u>\$89,125</u>

The payables to the General Fund are due to cash deficits and 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.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 18 - Jointly Governed Organizations

A. Oho Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)

The Ohio 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 fiscal year 2012, the Noble Local School District paid \$38,157 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 14 participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Mid-East Ohio Joint Vocational School District, Rick White, Treasurer, at 1965 Chandlersville 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 2012. 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 2012, the School District paid \$525 for membership fees to the Coalition.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 19 - 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 20 - 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 21 - 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 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. In prior fiscal years, the School District was also required to set-aside money for textbooks.

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

	Capital Improvements
Set-aside Balance as of June 30, 2011	\$0
Current Year Set-aside Requirement	179,349
Offsetting Credits	(428,329)
Qualifying Disbursements	(187,136)
Total	(\$436,116)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

Note 22 - Donor Restricted Endowments

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion are \$34,022. 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.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 23 – Contingencies

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

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

Note 24 – Subsequent Events

In July 2012 the Board of Education's request for participation in the State Credit Enhancement Program created under Ohio Revised Code Section 3317.18 was approved by the Ohio Department of Education. The District issued \$720,000 in energy conservation improvement bonds, dated August 15, 2012, for the purpose of upgrading inefficient systems and reducing energy and operating costs at both the high school complex and the middle/elementary school complex.

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2011/2012	10.555	\$ 25,458	\$ 25,458
Cash Assistance:				
School Breakfast Program	2011/2012	10.553	141,534	141,534
National School Lunch Program	2011/2012	10.555	204,970	204,970
Cash Assistance Subtotal			<u>346,504</u>	<u>346,504</u>
Total Child Nutrition Cluster			<u>371,962</u>	<u>371,962</u>
Total U.S. Department of Agriculture			371,962	371,962
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Cluster:				
Title 1 Grants to Local Educational Agencies	2010	84.010		307
	2011		78,000	63,284
	2012		<u>268,624</u>	<u>290,527</u>
Total Title 1 Grants to Local Educational Agencies			346,624	354,118
ARRA - Title 1 Grants to Local Educational Agencies	2011	84.389	<u>44,369</u>	<u>45,084</u>
Total Title 1 Cluster			390,993	399,202
Special Education Cluster:				
Special Education - Grants to States	2011	84.027	41,096	27,353
	2012		<u>198,672</u>	<u>204,043</u>
Total Special Education - Grants to States			239,768	231,396
Special Education - Preschool Grants	2012	84.173	8,357	8,357
ARRA - Special Education - Grants to States	2011	84.391	<u>48,731</u>	<u>51,326</u>
Total Special Education Cluster			296,856	291,079
Educational Technology State Grants	2011	84.318	399	400
Rural Education	2012	84.358	12,950	12,550
Improving Teacher Quality State Grants	2011	84.367	21,098	19,289
	2012		<u>50,994</u>	<u>52,114</u>
Total Improving Teacher Quality State Grants			72,092	71,403
ARRA - Teacher Incentive Fund	2011	84.385	38,991	41,260
	2012		<u>33,540</u>	<u>60,664</u>
Total ARRA - Teacher Incentive Fund			72,531	101,924
ARRA - Race to the Top Incentive Grants				
Race to the Top	2011	84.395	1,268	1,556
Race to the Top	2012		40,462	41,267
Ohio Appalachian Collaborative (OAC)	2011		43,931	47,809
Ohio Appalachian Collaborative (OAC)	2012		44,020	59,516
Ohio Resident Educator Program	2012		<u>1,750</u>	<u>1,750</u>
Total ARRA - Race to the Top Incentive Grants			131,431	151,898
Education Jobs	2012	84.410	<u>264,179</u>	<u>267,719</u>
Total U.S. Department of Education			<u>1,241,431</u>	<u>1,296,175</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,613,393</u>	<u>\$ 1,668,137</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, 2012**

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 – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS

The fiscal year 2011 Federal Awards Receipts and Expenditures Schedule reported \$4,908 as fiscal year 2009 expenditures in the Special Education grant. The School District posted this expenditure in error and during fiscal year 2012 reported a negative expenditure to the fiscal year 2009 Special Education grant fund and an expenditure to the fiscal year 2011 Special Education grant fund. Therefore, this error affected 2011 fiscal year program expenditures previously reported as follows:

Program	Federal CFDA Number	Grant Year	2011 Federal Expenditures Reported	2012 Adjustment Amount	Adjusted 2011 Federal Expenditures Reported
Special Education	84.027	2009	\$4,908	(\$4,908)	\$0
Special Education	84.027	2011	\$190,205	\$4,908	\$195,113



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, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 7, 2013. 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 the purpose of expressing our opinions on the financial statements, but not 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 did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 7, 2013.

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 7, 2013



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2012. 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 opine 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 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, 2012.

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 noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated March 7, 2013.

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.



Dave Yost
Auditor of State

March 7, 2013

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2012**

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):	Nutrition Cluster – CFDA #'s 10.553, 10.555, 10.556 Education Jobs - CFDA #84.410
<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?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

This page intentionally left blank.



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 26, 2013