



Mary Taylor, CPA  
Auditor of State



**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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 in Accordance with OMB Circular A-133 .....	51
Schedule of Findings – OMB Circular A-133 § .505 .....	53
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b).....	55
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	57

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# Mary Taylor, CPA

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, the 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, 2009, 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, the major fund, and the aggregate remaining fund information of the Noble Local School District, Noble County, Ohio, as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 23 to the financial statements, the School District was placed in Fiscal Caution by the Ohio Department of Education on March 30, 2005 due to a projected General Fund deficit. The School District was removed from Fiscal Caution by the Ohio Department of Education on April 6, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2010, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 2, 2010

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
Unaudited

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The discussion and analysis of the Noble Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. 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 2009 are as follows:

- Net assets of governmental activities decreased \$25,260.
- General revenues accounted for \$8,202,046 in revenue or 79% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions, and interest, and capital grants and contributions accounted for \$2,224,369 or 21% of total revenues of \$10,426,415.
- The School District had \$10,451,675 in expenses related to governmental activities; only \$2,224,369 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$8,202,046 were not adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund had \$9,124,165 in revenues and \$8,638,494 in expenditures. The General Fund's balance increased \$208,898.

**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, 2009*  
Unaudited

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

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" 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 8. 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.

***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 School District uses accrual accounting for fiduciary funds.



**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
 Unaudited

**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 2009 compared to 2008.

Table 1  
Net Assets

	Governmental Activities		
	2009	2008	Change
<b>Assets</b>			
Current and Other Assets	\$5,404,600	\$5,329,403	\$75,197
Capital Assets	4,736,179	4,975,701	(239,522)
Total Assets	<u>10,140,779</u>	<u>10,305,104</u>	<u>(164,325)</u>
<b>Liabilities</b>			
Long-term Liabilities	583,873	785,694	(201,821)
Other Liabilities	3,396,269	3,333,513	62,756
Total Liabilities	<u>3,980,142</u>	<u>4,119,207</u>	<u>(139,065)</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	4,501,022	4,537,054	(36,032)
Restricted	181,387	219,563	(38,176)
Unrestricted	1,478,228	1,429,280	48,948
Total Net Assets	<u><u>\$6,160,637</u></u>	<u><u>\$6,185,897</u></u>	<u><u>(\$25,260)</u></u>

Total assets of governmental activities decreased \$164,325. Cash and cash equivalents increased \$191,341, while cash with fiscal agents decreased \$249,238. The primary revenue items contributing to the increase in cash included: an increase in state foundation special education funding, as well as an increase in open enrollment students and subsequent funding. Property taxes receivable increased \$277,326. Prepaids decreased \$38,519. This is due to the School District not prepaying for its liability, fleet, and property insurance for fiscal year 2010, while fiscal year 2009 coverage was prepaid during fiscal year 2008. Capital assets also decreased \$239,522 due to the disposal of assets and depreciation.

Total governmental activities liabilities decreased \$139,065. The main attributor to the decrease was long-term liabilities decreasing \$201,821, resulting from payments on capital leases.

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
 Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009, and comparisons to fiscal year 2008.

Table 2  
 Changes in Net Assets

	Governmental Activities	
	2009	2008
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$894,556	\$1,126,552
Operating Grants, Contributions and Interest	1,313,163	1,065,847
Capital Grants and Contributions	16,650	19,071
Total Program Revenues	<u>2,224,369</u>	<u>2,211,470</u>
General Revenues:		
Property Taxes	2,454,411	2,261,610
Grants and Entitlements	5,629,019	5,504,221
Investment Earnings	62,110	93,728
Sale of Capital Assets	0	3,525
Miscellaneous	56,506	90,945
Total General Revenues	<u>8,202,046</u>	<u>7,954,029</u>
Total Revenues	<u>10,426,415</u>	<u>10,165,499</u>
<b>Program Expenses</b>		
Instruction:		
Regular	4,331,503	4,241,779
Special	945,147	894,001
Vocational	283,774	273,507
Adult/Continuing	0	5,770
Intervention	0	15,103
Support Services:		
Pupils	337,911	403,456
Instructional Staff	459,970	435,119
Board of Education	52,258	61,240
Administration	1,046,407	875,377
Fiscal	358,339	368,924
Business	13,081	11,621
Operation and Maintenance of Plant	881,942	794,131
Pupil Transportation	969,880	948,910
Central	3,967	4,344
Operation of Non-Instructional Services:		
Other	0	2,544
Food Service Operations	537,156	534,948
Extracurricular Activities	207,144	202,741
Interest and Fiscal Charges	23,196	33,010
Total Expenses	<u>10,451,675</u>	<u>10,106,525</u>
Change in Net Assets	(25,260)	58,974
Net Assets Beginning of Year	<u>6,185,897</u>	<u>6,126,923</u>
Net Assets End of Year	<u><u>\$6,160,637</u></u>	<u><u>\$6,185,897</u></u>

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
 Unaudited

Most federal program awards remained consistent with 2008 funding levels, with a notable reduction in the IDEA-B allocation fiscal year 2009. Approximately 69% 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 30% of general revenues for governmental activities for the School District in fiscal year 2009.

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
	2009	2009	2008	2008
<b>Program Expenses</b>				
Instruction:				
Regular	\$4,331,503	\$3,668,884	\$4,241,779	\$3,588,218
Special	945,147	400,084	894,001	375,407
Vocational	283,774	196,743	273,507	190,211
Adult/Continuing	0	0	5,770	5,770
Intervention	0	0	15,103	10,925
Support Services:				
Pupils	337,911	332,784	403,456	337,736
Instructional Staff	459,970	314,304	435,119	294,878
Board of Education	52,258	52,258	61,240	61,240
Administration	1,046,407	930,035	875,377	743,936
Fiscal	358,339	357,256	368,924	368,924
Business	13,081	13,081	11,621	11,621
Operation and Maintenance of Plant	881,942	877,518	794,131	790,061
Pupil Transportation	969,880	902,419	948,910	893,832
Central	3,967	459	4,344	3,231
Operation of Non-Instructional Services:				
Other	0	0	2,544	(4,028)
Food Service Operations	537,156	23,127	534,948	82,288
Extracurricular Activities	207,144	135,158	202,741	107,795
Interest and Fiscal Charges	23,196	23,196	33,010	33,010
<b>Total</b>	<b>\$10,451,675</b>	<b>\$8,227,306</b>	<b>\$10,106,525</b>	<b>\$7,895,055</b>

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
Unaudited

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The dependence upon tax revenues and state subsidies for governmental activities is apparent. For fiscal year 2009, approximately 68% of instructional activities were supported through taxes and other general revenues.

**The School District Funds**

The School District's major funds are accounted for using the modified accrual basis of accounting. The General Fund had total revenues of \$9,124,165 and expenditures of \$8,638,494. The General Fund's balance increased \$208,898. The School District continued to focus its efforts to monitor expenditures, with modest increases in supply and capital outlay budgets, as well as maintaining current personnel staffing levels.

For fiscal years 2006 through 2009, revenues have exceeded expenditures and the School District was relieved of its fiscal watch designation in April 2009. Unfortunately, the economic condition within the School District would indicate the passage of an operating levy is highly unlikely, as evidenced by the failure of three consecutive Ohio School Facilities Commission bond levies for school improvements and a permanent improvement levy.

***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 2009, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$9,108,849. This is \$304,577 above final estimates of \$8,804,272. This is mainly due to additional intergovernmental revenues exceeding expectations. Final expenditures of \$8,797,380 were \$343,461 below the final appropriations of \$9,140,841. The School District's ending General Fund balance was \$1,320,016.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2009, the School District had \$4,736,179 invested in land and land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2009 balances compared to 2008.

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
 Unaudited

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Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2009	2008
Land	\$20,925	\$20,925
Land Improvements	3,942	5,519
Buildings and Improvements	3,890,582	4,034,842
Furniture and Equipment	476,134	498,063
Vehicles	344,596	416,352
Totals	\$4,736,179	\$4,975,701

During fiscal year 2009, 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, 2009, the School District had \$235,157 in capital leases outstanding.

Table 5  
 Outsanding Debt, at Fiscal Year End

	Governmental Activities	
	2009	2008
Capital Leases	\$235,157	\$438,647

See Note 15 to the basic financial statements for more information on capital leases.

**Current Issues**

In each of the past four years, the School District's revenues have exceeded expenditures, due to the significant personnel and budget cuts enacted in 2005. During fiscal year 2009, the School District was released from fiscal caution.

However, the School District's current five-year forecast projects expenditures to begin exceeding revenues in fiscal year 2010. The primary reason for this deficit spending is a continued decrease in overall student enrollment, despite increases in open enrollment. The School District continues to rely heavily on state foundation funding. The School District intends soliciting voters to support a tax levy in order to renovate the District's buildings and generate additional operational revenues.

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

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
Unaudited

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**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 Cheryl Pritts, Treasurer/CFO at Noble Local School District, 20977 Zep Road East, Sarahsville, Ohio 43779-9702, or E-Mail at [Cheryl.pritts@omeresanet.net](mailto:Cheryl.pritts@omeresanet.net).

**Noble Local School District, Ohio**

*Statement of Net Assets*

*June 30, 2009*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,689,364
Cash and Cash Equivalents with Fiscal Agent	580,299
Materials and Supplies Inventory	26,694
Intergovernmental Receivable	96,354
Prepaid Items	30,914
Accounts Receivable	23,184
Property Taxes Receivable	2,957,791
Nondepreciable Capital Assets	20,925
Depreciable Capital Assets, Net	<u>4,715,254</u>
<i>Total Assets</i>	<u>10,140,779</u>
<b>Liabilities</b>	
Accounts Payable	75,662
Accrued Wages and Benefits Payable	899,419
Intergovernmental Payable	239,125
Vacation Benefits Payable	47,146
Claims Payable	157,256
Deferred Revenue	1,977,661
Long-Term Liabilities:	
Due Within One Year	233,044
Due In More Than One Year	<u>350,829</u>
<i>Total Liabilities</i>	<u>3,980,142</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	4,501,022
Restricted for:	
Unclaimed Monies	69,063
Bus Purchase	23,636
Other Purposes	88,688
Unrestricted	<u>1,478,228</u>
<i>Total Net Assets</i>	<u><u>\$6,160,637</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, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants, Contributions and Interest		Capital Grants and Contributions
<b>Governmental Activities</b>					
Instruction:					
Regular	\$4,331,503	\$587,306	\$75,313	\$0	(\$3,668,884)
Special	945,147	0	545,063	0	(400,084)
Vocational	283,774	0	87,031	0	(196,743)
Support Services:					
Pupils	337,911	0	5,127	0	(332,784)
Instructional Staff	459,970	0	145,666	0	(314,304)
Board of Education	52,258	0	0	0	(52,258)
Administration	1,046,407	0	116,372	0	(930,035)
Fiscal	358,339	0	1,083	0	(357,256)
Business	13,081	0	0	0	(13,081)
Operation and Maintenance of Plant	881,942	4,424	0	0	(877,518)
Pupil Transportation	969,880	18,791	32,020	16,650	(902,419)
Central	3,967	0	3,508	0	(459)
Operation of Non-Instructional Services:					
Food Service Operations	537,156	219,830	294,199	0	(23,127)
Extracurricular Activities	207,144	64,205	7,781	0	(135,158)
Interest and Fiscal Charges	23,196	0	0	0	(23,196)
<b>Totals</b>	<u>\$10,451,675</u>	<u>\$894,556</u>	<u>\$1,313,163</u>	<u>\$16,650</u>	<u>(8,227,306)</u>
<b>General Revenues</b>					
Property Taxes Levied for General Purposes				2,454,411	
Grants and Entitlements not Restricted to Specific Programs				5,629,019	
Investment Earnings				62,110	
Miscellaneous				56,506	
<b>Total General Revenues</b>				<u>8,202,046</u>	
<i>Change in Net Assets</i>				(25,260)	
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>				<u>6,185,897</u>	
<i>Net Assets End of Year</i>				<u>\$6,160,637</u>	

See accompanying notes to the basic financial statements



**Noble Local School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2009*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,404,965	\$191,700	\$1,596,665
Receivables:			
Property Taxes	2,957,791	0	2,957,791
Accounts	22,875	309	23,184
Intergovernmental	1,050	95,304	96,354
Interfund	1,759	0	1,759
Prepaid Items	29,515	1,399	30,914
Materials and Supplies Inventory	22,863	3,831	26,694
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	92,699	0	92,699
<i>Total Assets</i>	<u>\$4,533,517</u>	<u>\$292,543</u>	<u>\$4,826,060</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$57,462	\$18,200	\$75,662
Accrued Wages and Benefits Payable	797,403	102,016	899,419
Intergovernmental Payable	197,218	41,907	239,125
Interfund Payable	0	1,759	1,759
Deferred Revenue	2,617,255	17,084	2,634,339
<i>Total Liabilities</i>	<u>3,669,338</u>	<u>180,966</u>	<u>3,850,304</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	141,709	37,739	179,448
Reserved for Property Taxes	359,570	0	359,570
Reserved for Unclaimed Monies	69,063	0	69,063
Reserved for Bus Purchases	23,636	0	23,636
Unreserved, Undesignated, Reported in:			
General Fund	270,201	0	270,201
Special Revenue Funds	0	66,769	66,769
Capital Projects Funds	0	7,069	7,069
<i>Total Fund Balance</i>	<u>864,179</u>	<u>111,577</u>	<u>975,756</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,533,517</u>	<u>\$292,543</u>	<u>\$4,826,060</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, 2009*

<b>Total Governmental Fund Balances</b>		\$975,756
 <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.		4,736,179
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	620,560	
Grants	17,084	
Tuition and Fees	19,034	656,678
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.		423,043
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.		(47,146)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Lease Payable	(235,157)	
Sick Leave Benefits Payable	(348,716)	(583,873)
Net Assets of Governmental Activities		\$6,160,637

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, 2009*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$2,356,471	\$0	\$2,356,471
Intergovernmental	6,090,046	925,652	7,015,698
Investment Earnings	32,761	405	33,166
Charges for Services	0	219,830	219,830
Tuition and Fees	601,498	0	601,498
Extracurricular Activities	2,424	64,205	66,629
Rent	2,000	0	2,000
Gifts and Donations	500	7,781	8,281
Miscellaneous	38,465	18,041	56,506
<i>Total Revenues</i>	<u>9,124,165</u>	<u>1,235,914</u>	<u>10,360,079</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,018,245	90,822	4,109,067
Special	675,983	234,385	910,368
Vocational	299,002	0	299,002
Support Services:			
Pupils	317,733	5,810	323,543
Instructional Staff	266,394	171,353	437,747
Board of Education	52,258	0	52,258
Administration	883,000	137,115	1,020,115
Fiscal	358,963	1,276	360,239
Business	13,081	0	13,081
Operation and Maintenance of Plant	776,515	0	776,515
Pupil Transportation	862,862	24,501	887,363
Central	0	3,967	3,967
Operation of Non-Instructional Services	0	508,535	508,535
Extracurricular Activities	106,070	97,372	203,442
Capital Outlay	0	83,963	83,963
Debt Service:			
Principal Retirement	6,024	197,466	203,490
Interest and Fiscal Charges	2,364	20,832	23,196
<i>Total Expenditures</i>	<u>8,638,494</u>	<u>1,577,397</u>	<u>10,215,891</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>485,671</u>	<u>(341,483)</u>	<u>144,188</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	278,298	278,298
Proceeds from the Sale of Capital Assets	1,525	0	1,525
Transfers Out	(278,298)	0	(278,298)
<i>Total Other Financing Sources (Uses)</i>	<u>(276,773)</u>	<u>278,298</u>	<u>1,525</u>
<i>Net Change in Fund Balance</i>	208,898	(63,185)	145,713
<i>Fund Balances Beginning of Year</i>	<u>655,281</u>	<u>174,762</u>	<u>830,043</u>
<i>Fund Balances End of Year</i>	<u>\$864,179</u>	<u>\$111,577</u>	<u>\$975,756</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, 2009*

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**Net Change in Fund Balances - Total Governmental Funds** \$145,713

*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	112,066	
Depreciation Expense	<u>(345,157)</u>	(233,091)

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. (6,431)

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

Delinquent Taxes	97,940	
Grants	(65,552)	
Tuition and Fees	<u>4,599</u>	36,987

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 203,490

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	6,971	
Sick Leave Benefits Payable	<u>(1,669)</u>	5,302

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. (177,230)

*Change in Net Assets of Governmental Activities* (\$25,260)

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, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$2,267,272	\$2,267,272	\$2,337,231	\$69,959
Intergovernmental	5,860,376	5,860,376	6,097,032	236,656
Investment Earnings	41,000	41,000	31,260	(9,740)
Tuition and Fees	567,950	567,950	600,956	33,006
Extracurricular Activities	4,000	4,000	2,424	(1,576)
Rent	1,600	1,600	2,150	550
Gifts and Donations	0	0	500	500
Miscellaneous	62,074	62,074	37,296	(24,778)
<i>Total Revenues</i>	<u>8,804,272</u>	<u>8,804,272</u>	<u>9,108,849</u>	<u>304,577</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,260,534	4,234,909	4,081,505	153,404
Special	702,397	704,757	696,916	7,841
Vocational	310,235	335,860	313,575	22,285
Adult/Continuing	6,000	6,000	0	6,000
Support Services:				
Pupils	368,462	368,462	316,538	51,924
Instructional Staff	252,581	284,081	269,692	14,389
Board of Education	67,082	67,082	47,913	19,169
Administration	771,794	771,794	878,898	(107,104)
Fiscal	377,105	379,605	359,676	19,929
Business	13,500	13,500	13,081	419
Operation and Maintenance of Plant	801,437	801,437	757,049	44,388
Pupil Transportation	1,019,299	1,039,299	956,495	82,804
Extracurricular Activities	134,055	134,055	106,042	28,013
<i>Total Expenditures</i>	<u>9,084,481</u>	<u>9,140,841</u>	<u>8,797,380</u>	<u>343,461</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(280,209)</u>	<u>(336,569)</u>	<u>311,469</u>	<u>648,038</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	0	1,525	1,525
Refund of Prior Year Expenditures	10,000	10,000	5,733	(4,267)
Advances In	35,000	35,000	30,000	(5,000)
Advances Out	(35,000)	(35,000)	(30,000)	5,000
Transfers Out	(278,298)	(278,298)	(278,298)	0
Refund of Prior Year Receipts	(69,064)	(69,064)	(1,241)	67,823
<i>Total Other Financing Sources (Uses)</i>	<u>(337,362)</u>	<u>(337,362)</u>	<u>(272,281)</u>	<u>65,081</u>
<i>Net Change in Fund Balance</i>	<u>(617,571)</u>	<u>(673,931)</u>	<u>39,188</u>	<u>713,119</u>
<i>Fund Balance Beginning of Year</i>	<u>1,199,916</u>	<u>1,199,916</u>	<u>1,199,916</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>80,912</u>	<u>80,912</u>	<u>80,912</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$663,257</u>	<u>\$606,897</u>	<u>\$1,320,016</u>	<u>\$713,119</u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2009*

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	<u>Medical, Dental, and Vision Self-Insurance</u>
<b>Current Assets</b>	
Cash and Cash Equivalents with Fiscal Agent	\$580,299
<b>Current Liabilities</b>	
Claims Payable	<u>157,256</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$423,043</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, 2009*

	Medical, Dental, and Vision Self-Insurance
<b>Operating Revenues</b>	
Charges for Services	\$1,558,002
Other Revenue	42,653
Total Operating Revenues	1,600,655
<b>Operating Expenses</b>	
Purchased Services	788,183
Claims	1,019,051
<i>Total Operating Expenses</i>	1,807,234
<i>Operating Loss</i>	(206,579)
<b>Non-Operating Revenues:</b>	
Interest	29,349
<i>Change in Net Assets</i>	(177,230)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	600,273
<i>Net Assets End of Year</i>	\$423,043

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, 2009

	Medical, Dental, and Vision Self-Insurance
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Transactions with Other Funds	\$1,558,002
Cash Received from Other Revenue	42,653
Cash Payments to Suppliers for Services	(788,183)
Cash Payments for Claims	(1,091,059)
<i>Net Cash Used For Operating Activities</i>	(278,587)
<b>Cash Flows from Investing Activities:</b>	
Interest	29,349
Net Increase in Cash and Cash Equivalents	(249,238)
<i>Cash and Cash Equivalents Beginning of Year</i>	829,537
<i>Cash and Cash Equivalents End of Year</i>	\$580,299
<b>Reconciliation of Operating Loss to Net Cash Used For Operating Activities</b>	
Operating Loss	(\$206,579)
<b>Changes in Liabilities</b>	
Decrease in Claims Payable	(72,008)
<i>Net Cash Used For Operating Activities</i>	(\$278,587)

See accompanying notes to the basic financial statements



**Noble Local School District, Ohio**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2009*

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	Private Purpose Trust	
	Scholarships	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$35,590	\$25,035
<b>Liabilities</b>		
Due to Students	0	\$25,035
<b>Net Assets</b>		
Held in Trust for Scholarships	35,590	
Total Net Assets	\$35,590	

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, 2009*

	Private Purpose Trust
	Parsons Scholarship
<b>Additions</b>	
Interest	\$421
<b>Deductions</b>	
Scholarships	370
<i>Change in Net Assets</i>	51
<i>Net Assets Beginning of Year</i>	35,539
<i>Net Assets End of Year</i>	\$35,590

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, 2009*

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

The Noble Local School District (the 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 54 classified employees and 75 certified full time teaching personnel who provide services to 1,101 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 (OME-RESA), the Mid-East Career and Technology Center, the Coalition of Rural and Appalachian Schools, and the Ohio Coalition for Equity and Adequacy of School Funding, which are defined as jointly governed organizations; and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool; and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a claims servicing pool. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

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

The financial statements of the 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, 2009*

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***A. Basis of Presentation***

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

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds used by the School District can be classified using three categories: governmental, proprietary, and fiduciary.

***Governmental Fund Types:***

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

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**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 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.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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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 year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and rentals.

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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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.

***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.

During the fiscal year, the School District invested in STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for at June 30, 2009.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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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 2009 amounted to \$32,761, which includes \$17,311 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 expensed/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, 2009, 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 \$500. 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.

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



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

***J. Restricted Assets***

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

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated vacation leave after an employee's anniversary hire date. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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

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

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

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

***M. Internal Activity***

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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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 Reserves***

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved.

***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.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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***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 - Changes in Accounting Principles and Restatement of Prior Year Balances**

***A. Changes in Accounting Principles***

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments," GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 52 requires endowments, including permanent funds, to report land and other real estate investments at fair value, and to report the changes in fair value as investment income. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The implementation of this statement did not result in any change to the financial statements.

***B. Restatement of Prior Year Balances***

During fiscal year 2009, it was discovered that claims payable were overstated by \$215,049. The Internal Service Fund's net assets at the beginning of the year was restated from \$385,224 to \$600,273. As a result, the Governmental Activities beginning of the year net assets were restated from \$5,970,848 to \$6,185,897.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 4 - Deficit Fund Balances**

The Miscellaneous Federal Grants Service Special Revenue Fund had a deficit fund balance as of June 30, 2009, of \$7,362. The deficit is the result of generally accepted accounting principles. 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.

**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 a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Unrecorded interest and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

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

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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Net Change in Fund Balance

GAAP Basis	\$208,898
Revenue Accruals	(9,589)
Expenditure Accruals	(22,758)
Unreported Interest:	
Beginning of Fiscal Year	(1,685)
End of Fiscal Year	1,691
Prepaid Items:	
Beginning of Fiscal Year	68,103
End of Fiscal Year	(29,515)
Advances In	30,000
Advances Out	(30,000)
Encumbrances	<u>(175,957)</u>
Budget Basis	<u><u>\$39,188</u></u>

**Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
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;

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2009, the School District's internal service fund had a cash balance of \$580,299 with OME-RESA, a claims servicing pool (see Note 19). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$575,071 of the School District's bank balance of \$825,071 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, 2009, the School District had an investment in STAROhio. The fair value of this investment was \$1,098,105, with an average maturity of 58.1 days.

**Credit Risk** STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five 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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. The School District received its June 2009 property tax settlement by June 30, 2009.

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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$359,570 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 2008, was \$339,770 in the General Fund.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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 is deferred.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$84,150,540	77.8%	\$98,940,330	80.6%
Public Utility Personal	22,815,550	21.1%	23,035,380	18.8%
Tangible Personal Property	1,266,033	1.1%	695,540	0.6%
	\$108,232,123	100.0%	\$122,671,250	100.0%
Tax Rate per \$1,000 of assessed valuation	\$30.50		\$30.50	

**Note 8 - Receivables**

Receivables at June 30, 2009, 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 delinquent 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
<b>Governmental Activities</b>	
Federal Food Service Reimbursement	\$40,730
Part B - Idea	14,917
Title I	27,312
Safe and Drug Free	1,621
Title II-A	10,724
Miscellaneous Reimbursements	1,050
	\$96,354



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/2008	Additions	Deductions	Balance 6/30/2009
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$20,925	\$0	\$0	\$20,925
Depreciable Capital Assets:				
Land Improvements	808,589	0	0	808,589
Buildings and Improvements	7,864,793	13,632	0	7,878,425
Furniture and Equipment	2,243,794	70,934	(500)	2,314,228
Vehicles	1,426,200	27,500	(99,133)	1,354,567
Total Capital Assets being Depreciated	<u>12,343,376</u>	<u>112,066</u>	<u>(99,633)</u>	<u>12,355,809</u>
Less Accumulated Depreciation				
Land Improvements	(803,070)	(1,577)	0	(804,647)
Buildings and Improvements	(3,829,951)	(157,892)	0	(3,987,843)
Furniture and Equipment	(1,745,731)	(92,413)	50	(1,838,094)
Vehicles	(1,009,848)	(93,275)	93,152	(1,009,971)
Total Accumulated Depreciation	<u>(7,388,600)</u>	<u>(345,157) *</u>	<u>93,202</u>	<u>(7,640,555)</u>
Total Capital Assets being Depreciated, Net	<u>4,954,776</u>	<u>(233,091)</u>	<u>(6,431)</u>	<u>4,715,254</u>
Capital Assets, Net	<u>\$4,975,701</u>	<u>(\$233,091)</u>	<u>(\$6,431)</u>	<u>\$4,736,179</u>

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

Instruction:	
Regular	\$124,565
Special	19,077
Vocational	15,223
Support Services:	
Pupils	7,675
Instructional Staff	28,165
Administration	21,369
Fiscal	2,018
Operation and Maintenance of Plant	18,234
Pupil Transportation	84,968
Food Service Operations	18,111
Extracurricular Activities	5,752
Total Depreciation Expense	<u>\$345,157</u>

**Note 10 - Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Indiana Insurance Company for property and fleet insurance, vehicles, boiler and

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

machinery coverage and professional liability property insurance. Blanket coverage property for fiscal year 2009 was in the amount of \$27,966,722. These policies include a \$1,000 deductible. Professional liability has a \$2,000,000 single occurrence limit and \$2,000,000 aggregate and no deductible. Vehicles are covered for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. 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 \$157,256 reported in the internal service fund at June 30, 2009, 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 2008 and 2009 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2008	\$154,798	\$1,690,168	\$1,615,702	\$229,264
2009	229,264	1,019,051	1,091,059	157,256

**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 writing to the School Employees Retirement System, 300 East Broad Street, Suite

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$111,598, \$104,166, and \$113,577, respectively; 45.81 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

***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](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB 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 or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the 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 - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007, were \$478,427, \$483,432, and \$442,440, respectively; 83.07 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$243 made by the School District and \$299 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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, 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 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 obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

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 401h. For 2009, 4.16 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 2009, 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, 2009, 2008, and 2007, were \$69,040, \$71,128, and \$51,494, respectively; 34 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, 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, 2009, 2008, and 2007, were \$9,806, \$7,736, and \$6,619, respectively; 49.12 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**B. State Teachers Retirement System**

Plan Description – The School District contributes to 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. 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 may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007, were \$36,802, \$37,187, and \$34,034, respectively; 83.07 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Note 13 - Other Employee Benefits**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Only one year’s accumulation of vacation days can be carried forward to the next year. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

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

**Note 14 - Capital Leases**

In previous fiscal years, the School District entered into capitalized leases for various equipment and a new building wing in the elementary school in the current and previous fiscal years. Each lease meets 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 2009 totaled \$203,490. 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.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

	Governmental Activities
Buildings and Improvements	\$1,825,030
Furniture and Equipment	53,194
	1,878,224
Less Accumulated Depreciation	(369,931)
Total June 30, 2009	\$1,508,293

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, 2009.

Fiscal Year Ending	Amount
2010	\$226,685
2011	8,388
2012	8,388
2013	4,894
Total	248,355
Less: Amount Representing Interest	(13,198)
Present Value of Net Minimum Lease Payments	\$235,157

**Note 15 - Long-Term Obligations**

Changes in general long-term obligations of the School District during fiscal year 2009 were as follows:

	Principal Outstanding 6/30/08	Additions	Deductions	Principal Outstanding 6/30/09	Amounts Due within One Year
Capital Leases Payable	\$438,647	\$0	\$203,490	\$235,157	\$215,653
Sick Leave Benefits Payable	347,047	10,061	8,392	348,716	17,391
Total Long-Term Obligations	\$785,694	\$10,061	\$211,882	\$583,873	\$233,044

The capital lease will be paid from the General and Permanent Improvement Capital Projects Funds. Sick leave benefits will be paid from the General Fund and the Lunchroom Fund.

The School District's overall legal debt margin at June 30, 2009, was \$11,002,660, with an unvoted debt margin of \$122,252.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 16 - Interfund Activity**

During the fiscal year, the General Fund transferred \$60,000 to the Lunchroom Special Revenue Fund to help reduce a deficit fund balance and \$218,298 to the Permanent Improvement Capital Projects Fund to allow it to make payments on the capital lease.

At June 30, 2009, the Athletic and Music Special Revenue Fund owed the General Fund \$1,759 for services provided by the General Fund. During fiscal year 2009, the General Fund advanced to the Lunchroom Special Revenue Fund \$30,000 for monies to cover a deficit cash balance. These monies were repaid to the General Fund by June 30, 2009.

**Note 17 - Jointly Governed Organizations**

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

The Oho Mid-Eastern Regional Educational Service Agency (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 2009, the School District paid \$115,049 to OME-RESA. Financial statements can be obtained from OME-RESA, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

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

The Mid-East Career and Technology Center, a joint vocational school, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 13 participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Mid-East Ohio Joint Vocational School District, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

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

The School District participates in the Coalition of Rural and Appalachian Schools, a jointly governed organization including over 134 school districts and other educational institutions in the 32-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 32 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various inservice 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 Council 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. During fiscal year 2009, the Noble Local School District paid \$300 to the Coalition. The financial information for the Coalition can be obtained from Dick Fisher, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2009, the School District paid \$561 to the Coalition.

**Note 18 - Insurance Purchasing Pools**

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (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 program.

**Note 19 - Claims Servicing Pool**

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

**Note 20 - Set-Aside Calculations**

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

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



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside reserve balance as of June 30, 2008	(\$39,324)	\$0
Current year set-aside requirement	162,442	162,442
Qualifying Disbursements	(164,449)	(104,907)
Offset Credits	<u>0</u>	<u>(218,298)</u>
Totals	<u>(\$41,331)</u>	<u>(\$160,763)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$41,331)</u>	<u>\$0</u>

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

**Note 21 - Donor Restricted Endowments**

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion are \$35,590. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

**Note 22 - Contingencies**

**A. Grants**

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

The School District has been approved for \$598,177 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. The Miscellaneous Federal Grants of which \$169,590 was for Title I, and \$261,886 for IDEA-B. \$166,701 is for Budget Stabilization that will be paid through the School Foundation Program. The allocations will be available to fund fiscal year 2010 programs.

**B. Litigation**

The School District is currently party to legal proceedings; the outcome of these proceedings is currently unknown.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 23 - Fiscal Caution**

The Superintendent of Public Instruction declared the School District in a state of fiscal caution effective March 30, 2005. As a result of being placed in fiscal caution, the School District was required to submit a proposal to the Ohio Department of Education to improve its financial condition. The School District submitted a fiscal proposal to the Ohio Department of Education on December 3, 2004, to avoid potential deficits in future years. The Ohio Department of Education accepted the proposal on June 16, 2005.

The School District implemented an expenditure reduction plan at the end of fiscal year 2005, which included a significant reduction in force, in addition to retirements and resignations. The School District also reduced expenditures by consolidating bus routes, reducing building supply and capital outlay expenditures by nearly 50%, and eliminating textbooks purchases. Additionally, the School District implemented a pay-to-participate fee schedule for all athletic and extracurricular activities. In fiscal year 2005, the Board and unions agreed to roll over the prior contract with step-only increases. In fiscal year 2006, the School District again froze the base wage rate, with a change in the index schedule.

In the November 2006 election, the School District attempted to pass a 4-mill, 3 year Permanent Improvement Levy, but the voters rejected the proposal.

The School District's five year forecast submitted to the Ohio Department of Education on October 30, 2009, reflected a positive General fund balance through fiscal year 2011, with a minimal shortfall projected for fiscal year 2011. The School District petitioned the Ohio Department of Education to have its Fiscal Caution status lifted and was released April 6, 2009.

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2008/2009	10.555	\$ 27,185	\$ 27,185
Cash Assistance:				
School Breakfast Program	2008/2009	10.553	85,689	85,689
National School Lunch Program	2008/2009	10.555	134,258	134,258
Cash Assistance Subtotal			<u>219,947</u>	<u>219,947</u>
Total Child Nutrition Cluster			<u>247,132</u>	<u>247,132</u>
Total U.S. Department of Agriculture			247,132	247,132
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2008 2009	84.010	42,926 <u>244,436</u>	48,310 <u>224,847</u>
Total Title I Grants to Local Educational Agencies			<u>287,362</u>	<u>273,157</u>
Safe and Drug-Free Schools and Communities State Grants	2008 2009	84.186	(368) <u>3,433</u>	 <u>956</u>
Total Safe and Drug-Free Schools and Communities State Grants			<u>3,065</u>	<u>956</u>
State Grants for Innovative Programs	2009	84.298	2,329	2,329
Education Technology State Grants	2008 2009	84.318	(21) <u>2,763</u>	1,375 <u>2,763</u>
Total Education Technology State Grants			<u>2,742</u>	<u>4,138</u>
Improving Teacher Quality State Grants	2008 2009	84.367	11,795 <u>77,146</u>	14,962 <u>70,407</u>
Total Improving Teacher Quality State Grants			<u>88,941</u>	<u>85,369</u>
Special Education Cluster:				
Special Education Grants to States	2008 2009	84.027	46,689 <u>256,570</u>	55,140 <u>230,181</u>
Total Special Education Grants to States			<u>303,259</u>	<u>285,321</u>
<i>Passed Through Ohio Valley Educational Service Center:</i>				
Special Education - Preschool Grants	2009	84.173	<u>8,456</u>	<u>8,456</u>
Total Special Education Cluster			<u>311,715</u>	<u>293,777</u>
Total U.S. Department of Education			<u>696,154</u>	<u>659,726</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 943,286</u></b>	<b><u>\$ 906,858</u></b>

*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, 2009**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – 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 C – FOOD DONATION PROGRAM**

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

**NOTE D – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from the 2008 to 2009 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred From 2008 to 2009</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	\$368
Education Technology State Grants	84.318	\$21



# Mary Taylor, CPA

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, the 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, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 2, 2010, wherein we noted the School District was removed from Fiscal Caution on April 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the basic financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the School District's management in a separate letter dated March 2, 2010.

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### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 2, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

March 2, 2010



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of the Noble Local School District, Noble County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of 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 those 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 those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009. In a separate letter to the School District's management dated March 2, 2010, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

### 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



**Mary Taylor, CPA**  
Auditor of State

March 2, 2010



**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster: School Breakfast Program – CFDA #10.553 National School Lunch Program – CFDA #10.555
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009  
(Continued)

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

**FINDING NUMBER 2009-001**

**Finding for Recovery Repaid Under Audit**

Article XXIII, Retirement Pay, Section 23.2, of the Negotiated Agreement between the Noble Local School District Board of Education and the Noble Local Support Association, effective August 1, 2007 through July 31, 2010, states the Treasurer of the Board shall determine the current daily rate of pay by dividing the actual number of days in the yearly work calendar for said employee into the annual wage of the employee.

Wendell Warner, former bus driver for the School District, retired from service with the School District on February 28, 2009. At the time of his retirement the Treasurer used the incorrect daily rate for Mr. Warner. As a result, an overpayment of \$612 occurred.

Actual Sick Leave Payout by School District (incorrect daily rate of \$110.118)	\$ 6,745
Correct Sick Leave Payout (correct daily rate of \$100.118)	<u>(6,133)</u>
Total Amount of Overpayment by the School District to Wendell Warner	<u>\$ 612</u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Wendell Warner, former bus driver for the School District, in the amount of \$612, and in favor of the General Fund of Noble Local School District.

On November 16, 2009, Wendell Warner issued a check to Noble Local School District for \$612 as repayment. This finding for recovery is considered repaid under audit.

**Officials' Response:** We did not receive a response from Officials to this finding.

**3. FINDINGS FOR FEDERAL AWARDS**

None

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315 (b)  
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	A finding for recovery for overpayment of salary was issued pursuant to Ohio Rev. Code Section 117.28, for public monies illegally expended against Eric M. Van Fleet, Teacher, Jeffrey Croucher, Treasurer and the Travelers Casualty and Surety Company of America, Mr. Croucher's bonding company, jointly and severally, in the amount of \$6,031, and in favor of the Noble Local School District's General Fund.	Yes	\$6,031 has been repaid as of July 31, 2009.

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on September 18, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



**Mary Taylor, CPA**  
Auditor of State

March 2, 2010



**Mary Taylor, CPA**  
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 23, 2010**