



Dave Yost • Auditor of State



**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Northwood Local School District  
Wood County  
600 Lemoyne Road  
Northwood, Ohio 43619

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 Northwood Local School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Northwood Local School District, Wood County, Ohio, as of June 30, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

March 9, 2011

Northwood Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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The discussion and analysis of Northwood Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

### **Highlights**

Highlights for fiscal year 2010 are as follows:

In total, net assets increased \$742,401, or 13 percent. Although the School District experienced a slight decrease in revenues (3.8 percent) and slight increase in expenses (also 3.8 percent), the School District was able to hold expenses within current revenues for the fiscal year which resulted in the overall increase in net assets.

General revenues were \$9,831,439 for fiscal year 2010, or 84 percent of total revenues, and reflect the School District's significant dependence on property taxes and unrestricted State entitlements.

### **Using the Basic Financial Statements**

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

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

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

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

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

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

Northwood Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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

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

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

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

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2010 and fiscal year 2009:

Table 1 Net Assets		Governmental Activities	
	2010	2009	Change
<u>Assets:</u>			
Current and Other Assets	\$9,921,809	\$10,131,193	(\$209,384)
Capital Assets, Net	3,865,864	3,856,439	9,425
Total Assets	<u>13,787,673</u>	<u>13,987,632</u>	<u>(199,959)</u>
<u>Liabilities:</u>			
Current and Other Liabilities	\$5,953,942	\$6,534,671	\$580,729
Long-Term Liabilities	1,428,059	1,789,690	361,631
Total Liabilities	<u>7,382,001</u>	<u>8,324,361</u>	<u>942,360</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	3,075,156	2,711,280	363,876
Restricted	1,230,837	1,046,306	184,531
Unrestricted	2,099,679	1,905,685	193,994
Total Net Assets	<u>\$6,405,672</u>	<u>\$5,663,271</u>	<u>\$742,401</u>



Northwood Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

The above table indicates that the change in total assets was a little more than 1 percent; however, there were several important changes of note. There was an increase in cash and cash equivalents of over \$220,000 due to the excess of revenues over expenses for the fiscal year, an increase which is also reflected in the increase in unrestricted net assets. There was an increase in intergovernmental receivables, in large part, due to additional grant resources obtained through the American Recovery and Reinvestment Act (ARRA) and also noted in the increase in restricted net assets. Unfortunately, the increase in cash and receivables was more than offset by a decrease in the receivable for property taxes. This decrease was due to the expiration of a five-year 1.75 mill levy, a factor which is also reflected in the decrease in current and other liabilities for the deferred portion of this receivable. The decrease in long-term liabilities, which represents the payment of principal on debt, also resulted in the increase in invested in capital assets.

Table 2 reflects the change in net assets for fiscal year 2010 and fiscal year 2009.

Table 2  
Change in Net Assets

	Governmental Activities		Change
	2010	2009	
<u>Revenues</u>			
Program Revenues:			
Charges for Services	\$672,350	\$544,208	\$128,142
Operating Grants, Contributions, and Interest	1,227,259	851,249	376,010
Capital Grants and Contributions	11,500	17,514	(6,014)
Total Program Revenues	<u>1,911,109</u>	<u>1,412,971</u>	<u>498,138</u>
General Revenues:			
Property Taxes Levied for General Purposes	\$5,208,483	\$6,278,893	(\$1,070,410)
Property Taxes Levied for Debt Service	194,565	280,847	(86,282)
Property Taxes Levied for Permanent Improvements	167,382	229,626	(62,244)
Payment in Lieu of Taxes	176,649	176,649	
Grants and Entitlements	3,905,664	3,680,172	225,492
Interest	11,242	37,457	(26,215)
Gifts and Donations	6,670	4,000	2,670
Miscellaneous	160,784	170,964	(10,180)
Total General Revenues	<u>9,831,439</u>	<u>10,858,608</u>	<u>(1,027,169)</u>
Total Revenues	<u>11,742,548</u>	<u>12,271,579</u>	<u>(529,031)</u>
<u>Expenses</u>			
Instruction:			
Regular	4,893,445	4,760,711	(132,734)
Special	1,492,098	1,353,373	(138,725)
Vocational	173,993	176,304	2,311
Support Services:			
Pupils	392,405	313,798	(78,607)
Instructional Staff	526,988	496,401	(30,587)
Board of Education	14,644	13,818	(826)

Northwood Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Administration	811,255	819,811	8,556
Fiscal	356,384	382,219	25,835
Business	642		(642)
Operation and Maintenance of Plant	994,832	931,050	(63,782)
Pupil Transportation	422,849	418,641	(4,208)
Central	22,266	27,348	5,082
Non-Instructional Services	433,467	448,865	15,398
Extracurricular Activities	414,990	378,919	(36,071)
Interest and Fiscal Charges	49,889	80,348	30,459
Total Expenses	<u>11,000,147</u>	<u>10,601,606</u>	<u>(398,541)</u>
Increase in Net Assets	742,401	1,669,973	(927,572)
Net Assets at Beginning of Year	<u>5,663,271</u>	<u>3,993,298</u>	<u>1,669,973</u>
Net Assets at End of Year	<u><u>\$6,405,672</u></u>	<u><u>\$5,663,271</u></u>	<u><u>\$742,401</u></u>

Program revenues reflect a substantial increase from the prior fiscal year, a 35 percent increase which can be attributed to two sources; an increase in charges for services resulting from increased open enrollment, and an increase in operating grants and contributions due to additional grant resources obtained through the American Recovery and Reinvestment Act (ARRA). There was also an increase in unrestricted grants and entitlements due to additional State Fiscal Stabilization resources (also part of the stimulus monies received by the State); however, note there was a 9 percent decrease in general revenues overall. This was generally due to a decrease in property taxes, one levy expired and the millage was adjusted on other levies.

Overall expenses increased 3.8 percent from the prior fiscal year with modest changes in most programs. The most significant changes occurred in the regular and special instruction programs, a portion of which can be attributed to providing the educational services associated with the various stimulus related monies received by the School District.

For fiscal year 2010, instructional costs accounted for 60 percent of all expenses. Pupils, instructional staff, and pupil transportation costs were 12 percent of total expenses and maintenance costs were 9 percent. As a result, 81 percent of total expenses were directly related to providing facilities and instruction. This is almost identical to the prior fiscal year.

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

Northwood Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction:				
Regular	\$4,893,445	\$4,760,711	\$4,462,315	\$4,426,810
Special	1,492,098	1,353,373	591,798	798,367
Vocational	173,993	176,304	161,372	166,693
Support Services:				
Pupils	392,405	313,798	375,370	293,723
Instructional Staff	526,988	496,401	526,988	496,401
Board of Education	14,644	13,818	14,644	13,818
Administration	811,255	819,811	811,255	819,811
Fiscal	356,384	382,219	356,384	382,219
Business	642		642	
Operation and Maintenance of Plant	994,832	931,050	994,832	921,050
Pupil Transportation	422,849	418,641	422,849	411,127
Central	22,266	27,348	22,266	27,348
Non-Instructional Services	433,467	448,865	5,966	60,017
Extracurricular Activities	414,990	378,919	292,468	290,903
Interest and Fiscal Charges	49,889	80,348	49,889	80,348
Total Expenses	<u>\$11,000,147</u>	<u>10,601,606</u>	<u>\$9,089,038</u>	<u>\$9,188,635</u>

As can be seen above, the dependence on general revenues for most programs is significant. Only several of the School District's programs receive a notable amount of program revenues to offset program costs. The special instruction program provided for 60 percent of its costs through program revenues from operating grants restricted for special instruction purposes for fiscal year 2010. This was somewhat higher than the prior fiscal year reflecting the effect of the additional ARRA grant resources received. Program revenues in the non-instructional program include cafeteria sales and state and federal subsidies and donated commodities for food service. Almost 99 percent of this program was provided for through program revenues. Program revenues provided for over 29 percent of the costs in the extracurricular activities program. These revenues primarily consist of music and athletic fees, ticket sales, and gate receipts.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Fund balance in the General Fund increased almost \$113,000 from the prior fiscal year despite lower revenues and an increase in expenditures. However, the ability to keep current year expenditures within current year revenues resulted in this increase.

**General Fund Budgeting Highlights**

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

Northwood Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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During fiscal year 2010, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget and from the final budget to actual revenues were not significant. For expenditures, changes from the original budget to the final budget were not significant; however, actual expenditures were 8 percent less than anticipated as savings were realized in most programs.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2010, the School District had \$3,865,864 invested in capital assets (net of accumulated depreciation). Additions for the fiscal year included fencing, stadium restrooms, a bus, and various equipment acquisitions. There were no disposals. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

**Debt**

At June 30, 2010, the School District had outstanding general obligation bonds, in the amount of \$797,067, and outstanding loans, in the amount of \$40,000. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 16 to the basic financial statements.

**Current Issues**

The School District's current five-year forecast reflects deficit spending for fiscal years 2011 through 2015, and deficit fund balances for fiscal years 2014 and 2015. The School District's voters approved a new 1.5 mill permanent improvement levy in May 2009 which began collection in January 2010. This levy is anticipated to generate approximately \$250,000 annually.

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

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

Northwood Local School District  
Statement of Net Assets  
June 30, 2010

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$3,480,423
Cash and Cash Equivalents with Fiscal Agent	41
Accounts Receivable	13,340
Accrued Interest Receivable	1,479
Intergovernmental Receivable	280,053
Inventory Held for Resale	1,069
Materials and Supplies Inventory	478
Property Taxes Receivable	5,921,918
Payment in Lieu of Taxes Receivable	176,649
Unamortized Issuance Cost	46,359
Nondepreciable Capital Assets	193,339
Depreciable Capital Assets, Net	3,672,525
Total Assets	13,787,673
 <u>Liabilities:</u>	
Accounts Payable	72,766
Accrued Wages and Benefits Payable	764,051
Matured Compensated Absences Payable	56,059
Intergovernmental Payable	271,455
Deferred Revenue	4,786,285
Accrued Interest Payable	3,326
Long-Term Liabilities:	
Due Within One Year	244,184
Due in More Than One Year	1,183,875
Total Liabilities	7,382,001
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	3,075,156
Restricted For:	
Set Asides	16,628
Capital Projects	676,945
Debt Service	209,166
Other Purposes	328,098
Unrestricted	2,099,679
Total Net Assets	\$6,405,672

See Accompanying Notes to Basic Financial Statements

Northwood Local School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2010

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants, Contributions, and Interest</u>
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$4,893,445	\$370,876	\$48,754
Special	1,492,098		900,300
Vocational	173,993		12,621
Support Services:			
Pupils	392,405		17,035
Instructional Staff	526,988		
Board of Education	14,644		
Administration	811,255		
Fiscal	356,384		
Business	642		
Operation and Maintenance of Plant	994,832		
Pupil Transportation	422,849		
Central	22,266		
Non-Instructional Services	433,467	193,632	233,869
Extracurricular Activities	414,990	107,842	14,680
Interest and Fiscal Charges	49,889		
Total Governmental Activities	<u>\$11,000,147</u>	<u>\$672,350</u>	<u>\$1,227,259</u>

General Revenues:

Property Taxes Levied for General Purposes  
Property Taxes Levied for Debt Service  
Property Taxes Levied for Permanent Improvements  
Payment in Lieu of Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Interest  
Gifts and Donations  
Miscellaneous  
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year - Restated (Note 3)  
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Assets	
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$11,500	(\$4,462,315)
	(591,798)
	(161,372)
	(375,370)
	(526,988)
	(14,644)
	(811,255)
	(356,384)
	(642)
	(994,832)
	(422,849)
	(22,266)
	(5,966)
	(292,468)
	(49,889)
<u>\$11,500</u>	<u>(9,089,038)</u>
	5,208,483
	194,565
	167,382
	176,649
	3,905,664
	11,242
	6,670
	<u>160,784</u>
	<u>9,831,439</u>
	742,401
	<u>5,663,271</u>
	<u>\$6,405,672</u>

Northwood Local School District  
Balance Sheet  
Governmental Funds  
June 30, 2010

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,608,369	\$855,426	\$3,463,795
Cash and Cash Equivalents			
with Fiscal Agent		41	41
Accounts Receivable	11,204	2,136	13,340
Accrued Interest Receivable	1,479		1,479
Interfund Receivable	3,369		3,369
Intergovernmental Receivable	2,500	277,553	280,053
Inventory Held for Resale		1,069	1,069
Materials and Supplies Inventory		478	478
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	16,628		16,628
Property Taxes Receivable	5,568,736	353,182	5,921,918
Payment in Lieu of Taxes Receivable	70,738	105,911	176,649
Total Assets	<u>\$8,283,023</u>	<u>\$1,595,796</u>	<u>\$9,878,819</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$55,800	\$16,966	\$72,766
Accrued Wages and Benefits Payable	708,656	55,395	764,051
Matured Compensated Absences Payable	54,064	1,995	56,059
Interfund Payable		3,369	3,369
Intergovernmental Payable	249,083	22,372	271,455
Deferred Revenue	4,802,368	665,470	5,467,838
Total Liabilities	<u>5,869,971</u>	<u>765,567</u>	<u>6,635,538</u>
<u>Fund Balances:</u>			
Reserved for Property Taxes	846,370	54,452	900,822
Reserved for Textbooks	16,628		16,628
Reserved for Encumbrances	244,305	94,982	339,287
<u>Unreserved, Reported in:</u>			
General Fund	1,305,749		1,305,749
Special Revenue Funds		1,740	1,740
Debt Service Fund		177,612	177,612
Capital Projects Funds		501,443	501,443
Total Fund Balances	<u>2,413,052</u>	<u>830,229</u>	<u>3,243,281</u>
Total Liabilities and Fund Balances	<u>\$8,283,023</u>	<u>\$1,595,796</u>	<u>\$9,878,819</u>

See Accompanying Notes to the Basic Financial Statements



Northwood Local School District  
 Reconciliation of Total Governmental Fund Balances  
 to Net Assets of Governmental Activities  
 June 30, 2010

Total Governmental Fund Balances \$3,243,281

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 3,865,864

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

Accounts Receivable	7,785	
Accrued Interest Receivable	1,479	
Intergovernmental Receivable	260,829	
Property Taxes Receivable	234,811	
Payment in Lieu of Taxes Receivable	176,649	
		681,553

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 46,359

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

Accrued Interest Payable	(3,326)	
General Obligation Bonds Payable	(797,067)	
Energy Conservation Loans Payable	(40,000)	
Compensated Absences Payable	(590,992)	
		(1,431,385)

Net Assets of Governmental Activities \$6,405,672

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2010

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$5,159,115	\$362,851	\$5,521,966
Payment in Lieu of Taxes	54,738	121,911	176,649
Intergovernmental	3,914,202	956,130	4,870,332
Interest	9,763	10	9,773
Tuition and Fees	367,853		367,853
Extracurricular Activities		107,842	107,842
Charges for Services		193,632	193,632
Gifts and Donations	4,000	7,081	11,081
Miscellaneous	78,105	94,102	172,207
Total Revenues	<u>9,587,776</u>	<u>1,843,559</u>	<u>11,431,335</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,465,390	187,157	4,652,547
Special	1,080,948	405,137	1,486,085
Vocational	170,415		170,415
Support Services:			
Pupils	396,514	7,466	403,980
Instructional Staff	479,702	41,758	521,460
Board of Education	14,644		14,644
Administration	813,818	14,956	828,774
Fiscal	347,953	5,562	353,515
Business	642		642
Operation and Maintenance of Plant	846,955	111,290	958,245
Pupil Transportation	447,736	95	447,831
Central	20,573	1,330	21,903
Non-Instructional Services	3,726	417,295	421,021
Extracurricular Activities	260,023	118,035	378,058
Capital Outlay	8,253	276,400	284,653
Debt Service:			
Principal Retirement		355,000	355,000
Interest and Fiscal Charges		50,522	50,522
Total Expenditures	<u>9,357,292</u>	<u>1,992,003</u>	<u>11,349,295</u>
Excess of Revenues Over (Under) Expenditures	<u>230,484</u>	<u>(148,444)</u>	<u>82,040</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In		117,532	117,532
Transfers Out	<u>(117,532)</u>		<u>(117,532)</u>
Total Other Financing Sources (Uses)	<u>(117,532)</u>	<u>117,532</u>	
Changes in Fund Balances	112,952	(30,912)	82,040
Fund Balances at Beginning of Year	<u>2,300,100</u>	<u>861,141</u>	<u>3,161,241</u>
Fund Balances at End of Year	<u>\$2,413,052</u>	<u>\$830,229</u>	<u>\$3,243,281</u>

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Fiscal Year Ended June 30, 2010

Changes in Fund Balances - Total Governmental Funds \$82,040

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

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

Capital Outlay - Depreciable Capital Assets	215,434	
Capital Contributions	11,500	
Depreciation	<u>(217,509)</u>	9,425

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

Property Taxes	48,464	
Intergovernmental	247,072	
Interest	1,479	
Tuition and Fees	3,023	
Miscellaneous	<u>(325)</u>	299,713

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

General Obligation Bonds Payable	200,000	
Energy Conservation Loans Payable	80,000	
School Improvement Loans Payable	<u>75,000</u>	355,000

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

Accrued Interest Payable	1,182	
Amortization of Premium	20,096	
Amortization of Accounting Loss	<u>(9,055)</u>	12,223

Issuance costs are reported as an expenditure when paid in the governmental funds but are amortized over the life of the debt on the statement of activities. (11,590)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (4,410)

Change in Net Assets of Governmental Activities \$742,401

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Revenues:</u>				
Property Taxes	\$5,569,817	\$5,356,000	\$5,209,679	(\$146,321)
Payment in Lieu of Taxes	259,851	259,851	54,738	(205,113)
Intergovernmental	3,861,000	3,861,000	3,914,486	53,486
Interest	50,000	50,000	10,790	(39,210)
Tuition and Fees	199,142	223,642	367,772	144,130
Gifts and Donations	3,000	3,000	4,000	1,000
Miscellaneous	36,000	36,000	68,790	32,790
Total Revenues	<u>9,978,810</u>	<u>9,789,493</u>	<u>9,630,255</u>	<u>(159,238)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,921,096	4,876,821	4,459,803	417,018
Special	1,263,815	1,289,505	1,090,582	198,923
Vocational	172,412	173,242	169,956	3,286
Support Services:				
Pupils	402,685	403,934	408,317	(4,383)
Instructional Staff	544,489	639,919	526,076	113,843
Board of Education	16,330	16,380	14,311	2,069
Administration	813,663	808,383	810,113	(1,730)
Fiscal	431,323	377,267	344,964	32,303
Business		1,000	642	358
Operation and Maintenance of Plant	986,287	1,009,054	999,494	9,560
Pupil Transportation	512,152	503,558	451,235	52,323
Central	24,247	24,279	19,106	5,173
Non-Instructional Services	1,700	1,700	3,233	(1,533)
Extracurricular Activities	250,230	242,887	266,311	(23,424)
Capital Outlay	57,300	30,700	10,453	20,247
Total Expenditures	<u>10,397,729</u>	<u>10,398,629</u>	<u>9,574,596</u>	<u>824,033</u>
Excess of Revenues Over (Under) Expenditures	<u>(418,919)</u>	<u>(609,136)</u>	<u>55,659</u>	<u>664,795</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	10,000	10,000	5,189	(4,811)
Transfers Out	<u>(75,000)</u>	<u>(117,569)</u>	<u>(115,332)</u>	<u>2,237</u>
Total Other Financing Sources (Uses)	<u>(65,000)</u>	<u>(107,569)</u>	<u>(110,143)</u>	<u>(2,574)</u>
Changes in Fund Balance	(483,919)	(716,705)	(54,484)	662,221
Fund Balance at Beginning of Year	2,282,014	2,282,014	2,282,014	
Prior Year Encumbrances Appropriated	<u>106,548</u>	<u>106,548</u>	<u>106,548</u>	
Fund Balance at End of Year	<u>\$1,904,643</u>	<u>\$1,671,857</u>	<u>\$2,334,078</u>	<u>\$662,221</u>

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$68,687	\$34,995
<u>Liabilities:</u>		
Undistributed Assets		\$34,995
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$68,687	

See Accompanying Notes to the Basic Financial Statements

Northwood Local School District  
Statement of Change in Fiduciary Net Assets  
Private Purpose Trust Fund  
June 30, 2010

	Private Purpose Trust
<u>Additions:</u>	
Interest	\$100
Gifts and Donations	357
Miscellaneous	8,929
Total Additions	9,386
 <u>Deductions:</u>	
Non-Instructional Services	9,711
 Change in Net Assets	 (325)
 Net Assets at Beginning of Year	 69,012
Net Assets at End of Year	\$68,687

See Accompanying Notes to the Basic Financial Statements

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

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

The School District was established in 1964. It is located in Wood County. The School District is the 457th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by forty-four classified employees, fifty-seven certified teaching personnel, and six administrative employees who provide services to one thousand fifteen students and other community members. The School District currently operates four instructional buildings.

**Reporting Entity**

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

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

The School District participates in three jointly governed organizations and three insurance pools. These organizations are the Northern Ohio Educational Computer Association, Penta Career Center, Northwestern Ohio Educational Research Council, Inc., Wood County Schools Benefit Plan Association, Ohio School Plan, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the basic financial statements.

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

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

**A. Basis of Presentation**

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

Northwood Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(continued)

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Government-Wide Financial Statements

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

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

Fund Financial Statements

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

**B. Fund Accounting**

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

Governmental Funds

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

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

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



Northwood Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(continued)

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Fiduciary Funds

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

**C. Measurement Focus**

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

**D. Basis of Accounting**

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

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the

Northwood Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(continued)

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resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

#### Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

#### Expenses/Expenditures

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

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

### **E. Budgetary Process**

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

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

**F. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". Cash and cash equivalents held for the School District by the Wood County Educational Service Center is reflected as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2010, investments consisted of federal agency securities, commercial paper, mutual funds, and STAR Ohio. Investments are reported at fair value, which is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2010 was \$9,763, which includes \$1,760 assigned from other School District funds.

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

**G. Inventory**

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

**H. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the purchase of textbooks and instructional materials.

**I. Capital Assets**

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of one thousand five hundred dollars. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Northwood Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(continued)

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

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

**J. Interfund Assets/Liabilities**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

**K. Compensated Absences**

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

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

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

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

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

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

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

**M. Net Assets**

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

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

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

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

**O. Capital Contributions**

Capital contributions arise from outside contributions of capital assets.

**P. Unamortized Issuance Costs and Premiums**

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

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

**Q. Unamortized Loss on Advance Refunding**

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

**R. Interfund Transactions**

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

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

Northwood Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(continued)

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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.

**S. Estimates**

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

**Note 3 - Change in Accounting Principles and Restatement of Net Assets**

**A. Change in Accounting Principles**

For fiscal year 2010, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in the economic resources measurement focus financial statements. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and the participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any changes to the financial statements.

**B. Restatement of Net Assets**

In fiscal year 2010, the School District changed the accounting treatment applied to the receivable for payment in lieu of taxes. Based on guidance from GASB, this receivable is presently considered a non-exchange transaction and a one year receivable is being recorded. In prior years, this was considered an exchange transaction and the entire receivable was recognized in the initial year.

Northwood Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(continued)

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The restatement had the following effect on net assets.

	Total Governmental Activities
Net Assets at June 30, 2009	\$7,837,924
Payment in Lieu of Taxes Receivable	(2,174,653)
Adjusted Net Assets at June 30, 2009	<u>\$5,663,271</u>

**Note 4 - Accountability and Compliance**

**A. Accountability**

At June 30, 2010, the Fiscal Stabilization, Title I, Title VI, and Title II-A special revenue funds had deficit fund balances, in the amount of \$12,321, \$12,509, \$52, and \$2,918, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

At June 30, 2010, the Fiscal Stabilization special revenue fund had final appropriations in excess of estimated resources plus available balances, in the amount of \$5,902. The Treasurer will monitor appropriations to ensure they are within estimated resources.

The General Fund fringe benefits account had expenditures in excess of appropriations for the fiscal year ended June 30, 2010, in the amount of \$45,931. The Food Service and Fiscal Stabilization special revenue funds, the Bond Retirement debt service fund, and the Private Purpose Trust fund had expenditures in excess of appropriations for the fiscal year ended June 30, 2010, in the amount of \$37,302, \$12,635, \$7,910 and \$3,086, respectively. The Treasurer will monitor expenditures to ensure they are within amounts appropriated.

**Note 5 - Budgetary Basis of Accounting**

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

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

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

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

Changes in Fund Balance	
GAAP Basis	\$112,952
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2009, Received in Cash FY 2010	898,930
Accrued FY 2010, Not Yet Received in Cash	(852,289)
Expenditure Accruals:	
Accrued FY 2009, Paid in Cash FY 2010	(\$1,006,961)
Accrued FY 2010, Not Yet Paid in Cash	1,067,603
Cash Adjustments:	
Unrecorded Activity FY 2009	19,487
Unrecorded Activity FY 2010	(18,460)
Prepaid Items	82
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(275,828)
Budget Basis	(\$54,484)

**Note 6 - Deposits and Investments**

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

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

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

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

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

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



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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$37,813 of the School District's bank balance of \$2,522,089 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2010, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$203,250	4/19/13
Federal Home Loan Banks Notes	250,078	9/24/12
Federal Home Loan Banks Notes	252,735	6/10/13
Commercial Paper	95,682	11/1/10
Mutual Fund	193	average 42 days
Mutual Fund	296,671	average 51 days
STAR Ohio	164,755	average 56 days
Total Investments	<u>\$1,263,364</u>	

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

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

The School District places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the School District's total portfolio.

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	\$203,250	16.10%
Federal Home Loan Bank	502,813	39.80
Commercial Paper	95,682	7.57

**Note 7 - Receivables**

Receivables at June 30, 2010, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, property taxes, and payment in lieu of taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Lake Local School District	\$2,500
Other Governmental Funds	
High Schools That Work	3,130
Special Education Part B	149,609
Title II-D	1,109
Title I	114,160
Title II-A	9,545
Total Other Governmental Funds	277,553
Total Governmental Activities	\$280,053

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**Note 8 - Property Taxes**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 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 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Wood County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010, was \$846,370 in the General Fund, \$28,020 in the Bond Retirement debt service fund, and \$26,432 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2009, was \$896,934 in the General Fund, \$45,209 in the Bond Retirement debt service fund, and \$31,547 in the Permanent Improvement capital projects fund.

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

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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
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The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$80,089,270	62.51%	\$80,312,450	62.57%
Industrial/Commercial	45,892,890	35.82	46,092,570	35.91
Public Utility	2,140,170	1.67	1,959,090	1.52
Total Assessed Value	<u>\$128,122,330</u>	<u>100.00%</u>	<u>\$128,364,110</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$80.20		\$78.32	

The School District had a 1.75 mill five-year Permanent Improvement Levy that expired in December 2009.

**Note 9 - Payment in Lieu of Taxes**

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

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance at 6/30/09	Additions	Reductions	Balance at 6/30/10
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$193,339			\$193,339
Depreciable Capital Assets				
Land Improvements	577,207	14,320		591,527
Buildings and Building Improvements	7,240,007	94,551		7,334,558
Furniture, Fixtures, and Equipment	991,613	45,813		1,037,426
Vehicles	805,518	72,250		877,768
Infrastructure	40,962			40,962
Total Depreciable Capital Assets	<u>9,655,307</u>	<u>226,934</u>		<u>9,882,241</u>
Less Accumulated Depreciation				
Land Improvements	(280,491)	(17,197)		(297,688)
Buildings and Building Improvements	(4,480,406)	(108,409)		(4,588,815)
Furniture, Fixtures, and Equipment	(749,049)	(46,180)		(795,229)

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Notes to the Basic Financial Statements  
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Vehicles	(476,126)	(44,821)	(520,947)
Infrastructure	(6,135)	(902)	(7,037)
Total Accumulated Depreciation	(5,992,207)	(217,509)	(6,209,716)
Depreciable Capital Assets, Net	3,663,100	9,425	3,672,525
Governmental Activities Capital Assets, Net	\$3,856,439	\$9,425	\$3,865,864

The School District accepted contributions of depreciable capital assets for governmental activities, with a fair value of \$11,500, during fiscal year 2010.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$68,277
Special	5,082
Vocational	1,112
Support Services:	
Pupils	1,447
Instructional Staff	2,853
Administration	6,307
Fiscal	668
Operation and Maintenance of Plant	32,972
Pupil Transportation	46,504
Non-Instructional Services	13,065
Extracurricular Activities	39,222
Total Depreciation Expense	<u>\$217,509</u>

**Note 11 - Interfund Assets/Liabilities**

At June 30, 2010, the General Fund had an interfund receivable from other governmental funds, in the amount of \$3,369, for short-term loans made to those funds.

**Note 12 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted for the following insurance coverage.

Coverage purchased from the Ohio School Plan is as follows:

Buildings and Contents - replacement cost	\$39,874,110
Automobile Liability	2,000,000
General School District Liability	
Per Occurrence	2,000,000
Total per Year	4,000,000
Excess Liability	1,000,000

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

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

For fiscal year 2010, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

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

### **Note 13 - Defined Benefit Pension Plans**

#### **A. State Teachers Retirement System**

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

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

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 was \$489,790, \$487,129, and \$501,820, respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DCP and CP for fiscal year 2010 were \$14,260 made by the School District and \$10,186 made by the plan members.

#### **B. School Employees Retirement System**

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 was \$162,515, \$107,024, and \$104,529 respectively; 24 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

#### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2010, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 14 - Postemployment Benefits**

**A. State Teachers Retirement System**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$38,773, \$37,763, and \$38,650 respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. School Employees Retirement System**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2010, the surcharge amount was \$19,467.

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

The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$5,850, \$48,979, and \$47,700 respectively; 24 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2010, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 was \$9,664, \$8,830, and \$7,532 respectively; 24 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.



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**Note 15 - Other Employee Benefits**

**A. Compensated Absences**

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

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

**B. Health Care Benefits**

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

**Note 16 - Long-Term Obligations**

Changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Balance at 6/30/09	Additions	Reductions	Balance at 6/30/10	Amounts Due Within One Year
General Long-Term Obligations					
FY 2005 School Improvement Refunding Bonds					
Term Bonds 5.2%	\$950,000		\$200,000	\$750,000	\$185,000
Premium	103,382		20,096	83,286	
Accounting Loss	(45,274)		(9,055)	(36,219)	
FY 2000 Energy Conservation Loan 5.7%	45,000		45,000		
FY 2001 Energy Conservation Loan 5.85%	75,000		35,000	40,000	40,000
FY 2003 School Improvement Loans 2.31-5.46%	75,000		75,000		
Total General Long-Term Obligations	1,203,108		366,041	837,067	225,000
Compensated Absences Payable	586,582	\$4,410		590,992	19,184
Total Governmental Activities Long-Term Liabilities	<u>\$1,789,690</u>	<u>\$4,410</u>	<u>\$366,041</u>	<u>\$1,428,059</u>	<u>\$244,184</u>

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

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

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

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

Compensated absences will be paid from the General Fund and the Food Service special revenue fund.

The School District's overall debt margin was \$10,844,172 with an unvoted debt margin of \$126,539 at June 30, 2010.

Principal and interest requirements to retire the general long-term obligations outstanding at June 30, 2010, were as follows:

General Obligation Bonds		
Fiscal Year Ending June 30,	Principal	Interest
2011	\$185,000	\$34,450
2012	215,000	23,790
2013	225,000	12,350
2014	125,000	3,250
Total	\$750,000	\$73,840

  

Energy Conservation Loans		
Fiscal Year Ending June 30,	Principal	Interest
2011	\$40,000	\$1,170

**Note 17 - Set Asides**

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

Northwood Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(continued)

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The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2010.

	Textbooks	Capital Improvements
Balance June 30, 2009	\$22,244	
Current Year Set Aside Requirement	151,739	\$151,739
Current Year Offsets		(151,739)
Qualifying Expenditures	(157,355)	
Reserve Balance June 30, 2010	\$16,628	

**Note 18 - Interfund Transfers**

During fiscal year 2010, the General Fund made transfers to other governmental funds, in the amount of \$117,532, to move receipts as debt payments became due.

**Note 19 - Jointly Governed Organizations**

**A. Northern Ohio Educational Computer Association**

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The NOECA Assembly consists of a representative from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2010, the School District paid \$44,395 to NOECA for various services. Financial information can be obtained from NOECA, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

**B. Penta Career Center**

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

**C. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two

educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools, and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**Note 20 - Insurance Pools**

**A. Wood County Schools Benefit Plan Association**

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

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

**B. Ohio School Plan**

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

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

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

Northwood Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(continued)

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**Note 21 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

**B. Litigation**

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

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i>	Federal CFDA		
Program Title	Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Nutrition Cluster:</u>			
School Breakfast Program	10.553	\$ 40,500	\$ 40,500
National School Lunch Program:	10.555		
Cash Assistance		169,331	169,331
Non-Cash Assistance (Commodities)		18,591	18,591
Total National School Lunch Program		<u>187,922</u>	<u>187,922</u>
Total U.S. Department of Agriculture		<u><b>228,422</b></u>	<u><b>228,422</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Title I Cluster:</u>			
Title I Grants to Local Educational Agencies	84.010	135,341	135,529
Title I Grants to Local Educational Agencies - ARRA	84.389	432	432
Total Title I Cluster		<u>135,773</u>	<u>135,961</u>
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	196,167	196,167
Special Education Grants to States - ARRA	84.391	73,505	68,972
Total Special Education Cluster		<u>269,672</u>	<u>265,139</u>
Safe and Drug Free Schools and Communities State Grant	84.186	2,890	2,890
Javits Gifted and Talented Students Education Grant Program	84.206	100	100
State Grants for Innovative Programs	84.298	1,442	1,602
Education Technology State Grants	84.318	975	948
Improving Teacher Quality State Grants	84.367	38,851	37,335
State Fiscal Stabilization Fund - ARRA	84.394	168,632	168,632
Total U.S. Department of Education		<u><b>618,335</b></u>	<u><b>612,607</b></u>
<b>Total Federal Awards Receipts and Expenditures</b>		<u><b>\$ 846,757</b></u>	<u><b>\$ 841,029</b></u>

The accompanying notes are an integral part of this Schedule.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Northwood Local School District (the 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 District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

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

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# Dave Yost • Auditor of State

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

Northwood Local School District  
Wood County  
600 Lemoyne Road  
Northwood, Ohio 43619

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 Northwood Local School District, Wood County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 9, 2011. 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 9, 2011.

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

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

**Dave Yost**  
Auditor of State

March 9, 2011



# Dave Yost • Auditor of State

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

Northwood Local School District  
Wood County  
600 Lemoyne Road  
Northwood, Ohio 43619

To the Board of Education:

### Compliance

We have audited the compliance of Northwood Local School District, Wood County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The 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 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the 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 District's compliance with those requirements.

In our opinion, the Northwood Local School District, Wood County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

The 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 District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of

opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



**Dave Yost**  
Auditor of State

March 9, 2011

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	<b>No</b>
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	State Fiscal Stabilization Fund – ARRA CFDA# 84.394 Special Education Cluster CFDA# 84.027, 84.391
<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>	<b>Yes</b>

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**NORTHWOOD LOCAL SCHOOL DISTRICT**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 24, 2011**