

**NORWOOD CITY SCHOOL DISTRICT**



**Basic Financial Statements**

**June 30, 2011**





# Dave Yost • Auditor of State

Board of Education  
Norwood City School District  
2132 Williams Avenue  
Norwood, Ohio 45212

We have reviewed the *Independent Auditors' Report* of the Norwood City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 19, 2012

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Norwood City School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood City School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 16 to the financial statements, during the year ended June 30, 2011, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
December 9, 2011

**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

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The discussion and analysis of Norwood City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- Net assets of governmental activities increased \$1,649,094 which represents a 22% increase from 2010.
- General revenues accounted for \$23,479,567 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,888,970 or 20% of total revenues of \$29,368,537.
- The District had \$27,719,443 in expenses related to governmental activities; \$5,888,970 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$23,479,567 were also used to provide for these programs.

**Overview of the Financial Statements**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund is the only major fund of the District.

**Government-wide Financial Statements**

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

**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

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These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the District's major funds begins on the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

**The District as a Whole**

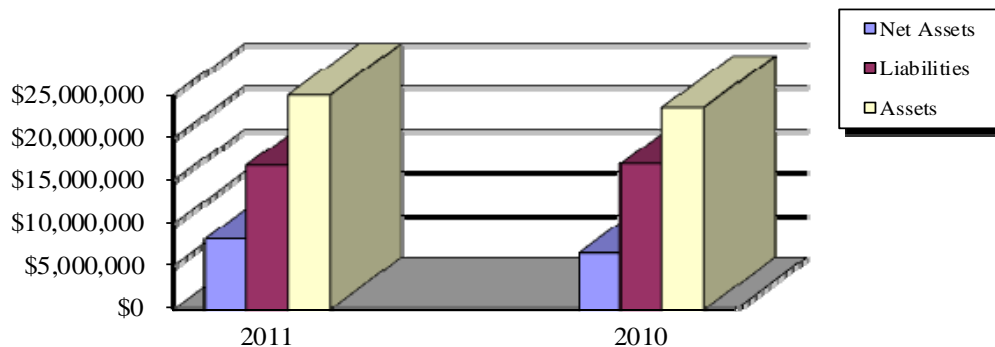
As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for fiscal year 2011 compared to fiscal year 2010:



**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

**Table 1  
Net Assets**

	Governmental Activities	
	2011	2010
Assets:		
Current and Other Assets	\$18,588,608	\$16,671,136
Capital Assets	6,388,999	6,858,581
Total Assets	24,977,607	23,529,717
Liabilities:		
Other Liabilities	10,852,530	10,729,911
Long-Term Liabilities	5,916,448	6,240,271
Total Liabilities	16,768,978	16,970,182
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,488,874	1,727,756
Restricted	1,270,184	1,737,768
Unrestricted	5,449,571	3,094,011
Total Net Assets	\$8,208,629	\$6,559,535



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$8,208,629.

At year-end, capital assets represented 26% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2011, was \$1,488,874. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,270,184 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

Net assets of governmental activities increased \$1,649,094 from 2010 to 2011. Total assets increased due to an increase in taxes receivable from 2010 to 2011. Total liabilities remained relatively consistent from 2010 to 2011.

Table 2 shows the changes in net assets for fiscal years 2011 and 2010.

**Table 2  
Changes in Net Assets**

	Governmental Activities	
	2011	2010
Revenues:		
Program Revenues		
Charges for Services	\$810,093	\$678,059
Operating Grants, Contributions	5,078,877	3,898,347
General Revenues:		
Property Taxes	11,678,882	11,576,137
Grants and Entitlements	11,345,686	11,759,872
Other	454,999	442,871
Total Revenues	<u>29,368,537</u>	<u>28,355,286</u>
Expenses:		
Instruction	16,765,311	17,833,688
Support Services:		
Pupil and Instructional Staff	3,537,347	3,464,990
School Administrative, General		
Administration and Fiscal	2,264,307	2,489,767
Operations and Maintenance	2,454,629	2,589,419
Pupil Transportation	524,594	749,877
Central	166,224	592,223
Operation of Non-Instructional Services	1,170,735	1,582,231
Extracurricular Activities	590,953	642,150
Interest and Fiscal Charges	245,343	272,976
Total Expenses	<u>27,719,443</u>	<u>30,217,321</u>
Changes in Net Assets	1,649,094	(1,862,035)
Net Assets Beginning of Year	<u>\$6,559,535</u>	<u>\$8,421,570</u>
Net Assets End of Year	<u>\$8,208,629</u>	<u>\$6,559,535</u>

Of the total governmental activities revenues of \$29,368,537, \$5,888,970 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$11,678,882 (50%) comes from property tax levies and \$11,345,686 (48%) is from state funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 78% of the District's revenues for governmental activities.

**Norwood City School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

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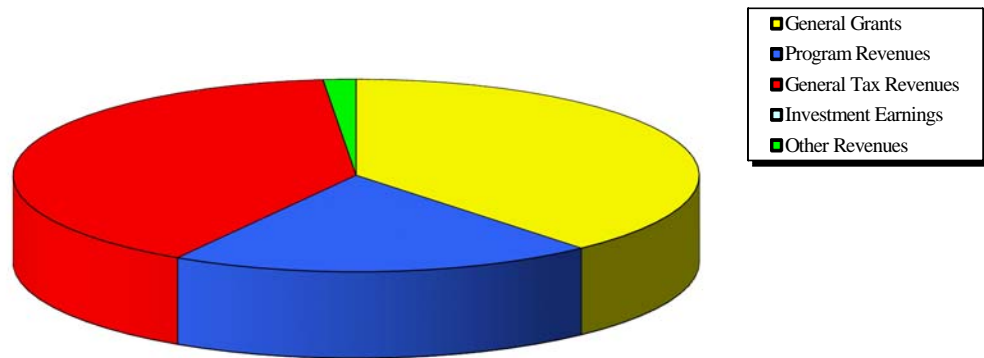
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property taxes made up 40% of revenue for governmental activities for the District in fiscal year 2011.

**Governmental Activities  
Revenue Sources**

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Revenue Sources	2011	Percentage
General Grants	\$11,345,686	38.63%
Program Revenues	5,888,970	20.05%
General Tax Revenues	11,678,882	39.77%
Investment Earnings	2,570	0.01%
Other Revenues	452,429	1.54%
	<u>\$29,368,537</u>	<u>100.00%</u>



Instruction comprises 60.5% of governmental program expenses. Support services expenses were 32.3% of governmental program expenses. All other program expenses including interest expense were 7.2%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Property tax revenue increased in 2011 compared to 2010. Investment earnings decreased due to the decline in economy and investment rates available to the District. Pupil and instructional staff expenses increased over the prior year due to increases of personnel costs and general inflationary factors.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net

**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction	\$16,765,311	\$17,833,688	(\$13,630,915)	(\$14,991,017)
Support Services:				
Pupil and Instructional Staff	3,537,347	3,464,990	(2,273,821)	(2,812,310)
School Administrative, General				
Administration and Fiscal	2,264,307	2,489,767	(2,235,855)	(2,466,134)
Operations and Maintenance	2,454,629	2,589,419	(1,744,752)	(2,390,597)
Pupil Transportation	524,594	749,877	(446,748)	(524,132)
Central	166,224	592,223	(82,884)	(506,003)
Operation of Non-Instructional Services	1,170,735	1,582,231	(693,890)	(1,124,067)
Extracurricular Activities	590,953	642,150	(476,265)	(553,679)
Interest and Fiscal Charges	245,343	272,976	(245,343)	(272,976)
Total Expenses	\$27,719,443	\$30,217,321	(\$21,830,473)	(\$25,640,915)

**The District's Funds**

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$16,777,464 (86%) of the total \$19,437,433 governmental funds assets.

**General Fund:** Fund balance at June 30, 2011 was \$5,545,460, an increase in fund balance of \$1,862,897 from 2010. The primary reason for the increase in fund balance was the decrease in instructional expenses due to the District reducing spending.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2011, the District amended its general fund budget at times, however none were significant. The District's budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budgeted revenue was \$25,940,984 and the original budgeted revenue was \$26,571,065. The difference was \$630,081. Of this difference, most was due to overestimates of tax and intergovernmental revenue.

The District's final budgeted revenue and expenditures when compared to the actual revenue and expenditures did not have any significant variances. The District's ending unobligated actual fund balance for the General fund was \$2,200,104.

**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

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**Capital Assets and Long-Term Obligations**

*Capital Assets*

At the fiscal year end, the District had \$6,388,999 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal year 2011 balances compared to fiscal year 2010:

**Table 4  
Capital Assets at Year End  
(Net of Depreciation)**

	Governmental Activities	
	2011	2010
Land	\$524,809	\$524,809
Buildings and Improvements	5,077,814	5,464,122
Equipment	786,376	869,650
Total Net Capital Assets	<u>\$6,388,999</u>	<u>\$6,858,581</u>

Overall, capital assets decreased due to depreciation expense being greater than current fiscal year additions.

See note 5 in the notes to the basic financial statements for further details on the District's capital assets.

*Long-Term Obligations*

At June 30, 2011, the District had \$4,900,125 in lease-purchase agreement and copier lease outstanding, \$235,700 due within one year. Table 5 summarizes bonds outstanding.

**Table 5  
Outstanding Debt at Year End**

	Governmental Activities	
	2011	2010
Lease - Purchase Agreement	\$4,485,000	\$4,605,000
Copier Lease	415,125	525,825
Total	<u>\$4,900,125</u>	<u>\$5,130,825</u>

See note 10 in the notes to the basic financial statements for further details on the District's outstanding debt.

**For the Future**

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of

**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

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2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not "equitable" nor "adequate". The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court's concerns.

In July, 2009, the Ohio's Governor signed HB 1, the state biennium budget bill. Included in this bill was a complete overhaul of the school funding model for all school districts in Ohio. The new Ohio Evidence-Based Model (OEBM) replaces the long-standing foundation formula that was declared unconstitutional by the Ohio Supreme Court. If ever fully-funded, the new model has the potential to drive funding based on student needs and could result in additional revenue. However, the current economic crisis has reduced revenue at the state level prompting budget reduction measures across the State. As such, the funding for the OEBM started in FY10 by allocating the funding for each year based on 99% of the FY09 funding and 98% of the FY10 funding, respectively. Federal stimulus funds are being used in Ohio to balance the education budget and as such, funding for public education at the current level is not secure beyond FY11. This uncertainty could have a major impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be monitored closely.

On June 30, 2011, Ohio's Governor signed HB 153, the state biennium budget bill. The Governor has indicated that he will prepare a new school funding model for Ohio school districts for fiscal year 2012-13. At this time, we do not know the details of the changes or the impact that these changes may have on our future state funding. This uncertainty could have an impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be closely monitored.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District cut operating expenses by \$1.7 million in FY2011 and passed a 3.4 mill 10-year emergency levy.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at Norwood City School District, 2132 Williams Avenue, Norwood, Ohio 45212.

Norwood City School District  
Statement of Net Assets  
June 30, 2011

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$3,793,166
Restricted Cash and Investments	40,592
Receivables:	
Taxes	13,055,409
Accounts	20,201
Interest	233
Intergovernmental	1,666,694
Inventory	12,313
Nondepreciable Capital Assets	524,809
Depreciable Capital Assets, Net	<u>5,864,190</u>
 Total Assets	 <u>24,977,607</u>
Liabilities:	
Accounts Payable	248,399
Accrued Wages and Benefits	2,723,108
Accrued Interest Payable	20,220
Unearned Revenue	7,860,803
Long-Term Liabilities:	
Due Within One Year	379,228
Due In More Than One Year	<u>5,537,220</u>
 Total Liabilities	 <u>16,768,978</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	1,488,874
Restricted for:	
Capital Projects	983,001
Local Grants	33,315
Set Aside	20,592
Special Revenue	28,386
District Managed Student Activity	7,712
Auxiliary Services	12,383
State Grants	6,705
Federal Grants	118,140
Nonexpendable	20,000
Expendable	39,950
Unrestricted	<u>5,449,571</u>
 Total Net Assets	 <u><u>\$8,208,629</u></u>

See accompanying notes to the basic financial statements.

Norwood City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$12,150,924	\$230,231	\$980,048	(\$10,940,645)
Special	3,782,470	68,243	1,790,137	(1,924,090)
Vocational	0	0	2,787	2,787
Other	831,917	0	62,950	(768,967)
<b>Support Services:</b>				
Pupil	1,878,254	0	558,340	(1,319,914)
Instructional Staff	1,659,093	0	705,186	(953,907)
General Administration	28,940	0	0	(28,940)
School Administration	1,572,741	0	28,452	(1,544,289)
Fiscal	662,626	0	0	(662,626)
Operations and Maintenance	2,454,629	95,775	614,102	(1,744,752)
Pupil Transportation	524,594	0	77,846	(446,748)
Central	166,224	0	83,340	(82,884)
Operation of Non-Instructional Services	1,170,735	301,156	175,689	(693,890)
Extracurricular Activities	590,953	114,688	0	(476,265)
Interest and Fiscal Charges	245,343	0	0	(245,343)
<b>Total Governmental Activities</b>	<b>\$27,719,443</b>	<b>\$810,093</b>	<b>\$5,078,877</b>	<b>(21,830,473)</b>

<b>General Revenues:</b>	
<b>Property Taxes Levied for:</b>	
General Purposes	11,678,882
Grants and Entitlements not Restricted	11,345,686
Revenue in Lieu of Taxes	321,019
Unrestricted Contributions	36,434
Investment Earnings	2,570
Other Revenues	94,976
<b>Total General Revenues</b>	<b>23,479,567</b>
<b>Change in Net Assets</b>	<b>1,649,094</b>
<b>Net Assets Beginning of Year</b>	<b>6,559,535</b>
<b>Net Assets End of Year</b>	<b>\$8,208,629</b>

See accompanying notes to the basic financial statements.



Norwood City School District  
Balance Sheet  
Governmental Funds  
June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,498,892	\$1,294,274	\$3,793,166
Restricted Cash and Investments	20,592	20,000	40,592
Receivables:			
Taxes	13,055,409	0	13,055,409
Accounts	20,201	0	20,201
Interest	232	1	233
Intergovernmental	321,000	1,345,694	1,666,694
Interfund	848,825	0	848,825
Inventory	12,313	0	12,313
<b>Total Assets</b>	<b>16,777,464</b>	<b>2,659,969</b>	<b>19,437,433</b>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	168,541	79,858	248,399
Accrued Wages and Benefits	2,364,236	358,872	2,723,108
Compensated Absences	24,818	22,165	46,983
Interfund Payable	0	848,825	848,825
Deferred Revenue	8,674,409	500,963	9,175,372
<b>Total Liabilities</b>	<b>11,232,004</b>	<b>1,810,683</b>	<b>13,042,687</b>
Fund Balances:			
Nonspendable	12,313	20,000	32,313
Restricted	20,592	129,939	150,531
Assigned	194,003	1,022,951	1,216,954
Unassigned	5,318,552	(323,604)	4,994,948
<b>Total Fund Balances</b>	<b>5,545,460</b>	<b>849,286</b>	<b>6,394,746</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$16,777,464</b>	<b>\$2,659,969</b>	<b>\$19,437,433</b>

See accompanying notes to the basic financial statements.

Norwood City School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 June 30, 2011

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Total Governmental Fund Balance		\$6,394,746
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,388,999
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	\$813,606	
Intergovernmental	<u>500,963</u>	
		1,314,569
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(20,220)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences		(969,340)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(4,900,125)</u>
Net Assets of Governmental Activities		<u><u>\$8,208,629</u></u>

See accompanying notes to the basic financial statements.

Norwood City School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$11,701,377	\$0	\$11,701,377
Revenue in lieu of taxes	321,019	0	321,019
Tuition and Fees	271,648	0	271,648
Investment Earnings	2,370	200	2,570
Intergovernmental	11,960,701	4,465,191	16,425,892
Extracurricular Activities	62,315	83,476	145,791
Charges for Services	301,156	0	301,156
Other Revenues	96,059	113,556	209,615
<b>Total Revenues</b>	<b>24,716,645</b>	<b>4,662,423</b>	<b>29,379,068</b>
Expenditures:			
Current:			
Instruction:			
Regular	10,584,201	1,333,220	11,917,421
Special	2,329,962	1,420,881	3,750,843
Other	816,204	15,713	831,917
Support Services:			
Pupil	1,428,269	454,799	1,883,068
Instructional Staff	1,328,456	332,901	1,661,357
General Administration	28,940	0	28,940
School Administration	1,510,093	19,898	1,529,991
Fiscal	666,976	0	666,976
Operations and Maintenance	1,670,709	702,778	2,373,487
Pupil Transportation	512,044	12,550	524,594
Central	42,349	115,749	158,098
Operation of Non-Instructional Services	992,669	173,663	1,166,332
Extracurricular Activities	388,391	93,713	482,104
Capital Outlay	10,501	0	10,501
Debt Service:			
Principal Retirement	230,700	0	230,700
Interest and Fiscal Charges	245,884	0	245,884
<b>Total Expenditures</b>	<b>22,786,348</b>	<b>4,675,865</b>	<b>27,462,213</b>
Excess of Revenues Over (Under) Expenditures	1,930,297	(13,442)	1,916,855
Other Financing Sources (Uses):			
Transfers In	118	67,518	67,636
Transfers (Out)	(67,518)	(118)	(67,636)
<b>Total Other Financing Sources (Uses)</b>	<b>(67,400)</b>	<b>67,400</b>	<b>0</b>
Net Change in Fund Balance	1,862,897	53,958	1,916,855
Fund Balance Beginning of Year, Restated	3,682,563	795,328	4,477,891
Fund Balance End of Year	\$5,545,460	\$849,286	\$6,394,746

See accompanying notes to the basic financial statements.

Norwood City School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2011

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Net Change in Fund Balance - Total Governmental Funds \$1,916,855

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

Governmental funds report capital asset additions as expenditures.  
 However, in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation  
 expense. This is the amount of the difference between capital  
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$141,887	
Depreciation Expense	<u>(611,469)</u>	(469,582)

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

Income Taxes	(\$22,495)	
Intergovernmental	<u>11,964</u>	(10,531)

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

230,700

In the statement of activities interest expense is accrued when incurred,  
 whereas in governmental funds an interest expenditure is reported  
 when due.

541

Some expenses reported in the statement of activities do not require the  
 use of current financial resources and therefore are not reported as  
 expenditures in governmental funds.

Compensated Absences		<u>(18,889)</u>
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Change in Net Assets of Governmental Activities

\$1,649,094

See accompanying notes to the basic financial statements.

Norwood City School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

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	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Investments	<u>\$49,987</u>	<u>\$55,038</u>
Total Assets	<u>49,987</u>	<u>55,038</u>
Liabilities:		
Accounts Payable	0	2,299
Other Liabilities	<u>0</u>	<u>52,739</u>
Total Liabilities	<u>0</u>	<u>\$55,038</u>
Net Assets:		
Held in Trust	<u>49,987</u>	
Total Net Assets	<u>\$49,987</u>	

See accompanying notes to the basic financial statements.

Norwood City School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2011

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	<u>Private Purpose Trust</u>
Additions:	
Investment Earnings	\$47
Donations	<u>26,028</u>
Total Additions	<u>26,075</u>
Deductions:	
Scholarships	<u>508</u>
Total Deductions	<u>508</u>
Change in Net Assets	25,567
Net Assets Beginning of Year	<u>24,420</u>
Net Assets End of Year	<u><u>\$49,987</u></u>

See accompanying notes to the basic financial statements.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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**Note 1 – Summary of Significant Accounting Policies**

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The financial statements of the Norwood City School District, Ohio (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**A. Reporting Entity**

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

Activities for Cornerstone New Christian School are also included in the reporting entity to the extent that state legislation provides funding to this parochial school. The money is received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with three organizations, two of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations include Hamilton/Clermont Cooperative Association, Great Oaks Institute of Technology and Career Development and the Greater Cincinnati Insurance Consortium. These organizations are presented in Notes 11.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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**B. Basis of Presentation**

***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. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

***Fund Financial Statements*** Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.



**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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**C. Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental and fiduciary.

*Governmental funds* focus 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 following is the School District's major governmental 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.

*Fiduciary Funds* report on net assets and changes in net assets. The School District's fiduciary funds consist of a private-purpose trust fund and agency funds. The School District's private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the School District's use. Agency funds, which are used to account for student activities, employee insurance and employee flexible spending are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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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 except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, private-purpose trust and agency funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

***Revenues - Exchange and Non-exchange transactions.*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes were 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 year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

***Deferred Revenue*** Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2011 which are intended to finance fiscal year 2012 operations have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

***Unearned Revenue*** Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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**E. Equity in Pooled Cash and Investments**

Cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet.

During fiscal year 2011, the District's investments were limited to STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

The State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office that 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, 2011.

Under existing Ohio statutes, all investment earnings accrue to the General Fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

**F. Inventory**

Inventories of governmental funds are stated at cost, determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

**G. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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

Buildings and Improvements	10-30 years
Equipment	3-5 years

**H. Interfund Balances**

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net assets.

**I. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated 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 entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term notes, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the District's \$1,270,184 in restricted net assets, none were restricted for enabling legislation.

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

**L. Fund Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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**M. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set aside to create a reserve for capital and maintenance and the non expendable amount related to the permanent fund.

**N. 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 2 - Deposits and Investments**

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State statutes classify monies held by the School District into three categories.

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current two-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 that 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 pass book accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies are permitted to be deposited or invested in the following securities:

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

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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2. Bonds, notes, debentures, or any other obligations or securities 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

**Deposits**

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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policy requires that deposits be collateralized as required by ORC Chapter 135. As of June 30, 2011, \$3,351,888 of the District's bank balance of \$3,605,927 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. ORC Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

The School District's investments at June 30, 2011 are as summarized as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
STAROhio	\$352,433	0.16

It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District's investment policy does not address concentration of credit risk. Investments in STAROhio were rated AAAM by Standard & Poor's.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment securities are registered in the name of the School District.

**Interest Rate Risk** - In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

**Note 3 – Property Taxes**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.



**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and interexchange 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 2011 were levied after April 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20<sup>th</sup>; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2012 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2011. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance (\$4,702,000) at June 30 is intended to finance current fiscal year operations in the General Fund.

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$380,366,960
Public Utility Personal	13,934,370
Tangible Personal Property	<u>700,000</u>
Total	<u><u>\$395,001,330</u></u>

**Note 4 – Interfund Transactions**

On the fund financial statements, the General Fund has a receivable of \$848,825 that consists of amounts due from other governmental funds. These interfund loans were made to provide operating capital. These amounts are eliminated in the governmental activities column of the statement of net assets.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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During the year ended June 30, 2011, the General Fund made transfers of \$67,518 to other governmental funds and received \$118 from other governmental funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 5 – Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$524,809	\$0	\$0	\$524,809
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	16,039,301	0	0	16,039,301
Equipment	<u>4,901,886</u>	<u>141,887</u>	<u>0</u>	<u>5,043,773</u>
Totals at Historical Cost	<u>21,465,996</u>	<u>141,887</u>	<u>0</u>	<u>21,607,883</u>
Less Accumulated Depreciation:				
Buildings and Improvements	10,575,179	386,308	0	10,961,487
Equipment	<u>4,032,236</u>	<u>225,161</u>	<u>0</u>	<u>4,257,397</u>
Total Accumulated Depreciation	<u>14,607,415</u>	<u>611,469</u>	<u>0</u>	<u>15,218,884</u>
Governmental Activities Capital Assets, Net	<u>\$6,858,581</u>	<u>(\$469,582)</u>	<u>\$0</u>	<u>\$6,388,999</u>

Instruction:	
Regular	\$330,054
Special	48,644
Support Services:	
Pupil	9,729
Instructional Staff	2,464
School Administration	12,326
Fiscal	637
Operations and Maintenance	73,832
Central	16,776
Operation of Non-Instructional Services	8,158
Extracurricular Activities	<u>108,849</u>
Total Depreciation Expense	<u>\$611,469</u>

**Note 6 – Risk Management**

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The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During

**Norwood City School District**  
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fiscal year 2011, the School District contracted with Ohio Casualty for general liability insurance with a \$5,000,000 aggregate limit covering all employees and volunteers of the School District.

Ohio Casualty also provides property and fleet insurance and property holds a \$1,000 deductible and the maintenance vehicles have a \$500 deductible for comprehensive and collision and a \$1,000,000 limit per occurrence. The Ohio Farmer's Insurance Company maintains a \$20,000 performance bond for the Board President and Superintendent and maintains a \$100,000 public official bond for the Treasurer. Ohio School Plan maintains a \$10,000 employee dishonesty blanket bond for all employees.

Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

**Note 7 - Pension Plans**

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**School Employees Retirement System of Ohio**

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2011, 2010, and 2009 were \$472,512, \$383,688, and \$383,000, respectively; 58% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**State Teachers Retirement System of Ohio**

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools

**Norwood City School District**  
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**For The Fiscal Year Ended June 30, 2011**

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of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies

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before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2011, 2010, and 2009 were \$1,695,336,

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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\$1,749,708, and \$1,768,000, respectively; 84% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**Note 8- Post Employment Benefits**

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**School Employees Retirement System of Ohio**

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76%. District contributions for the year ended June 30, 2011, 2010 and 2009 were \$25,651, \$20,829 and \$21,000, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-

**Norwood City School District**  
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covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$48,264, \$12,607, and \$114,000, respectively; 58% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

### **State Teachers Retirement System of Ohio**

#### Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

#### Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2011, 2010 and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2011, 2010, and 2009 were \$121,095, \$124,979, and \$126,000, respectively; 84% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
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**Note 9 – Employee Benefits**

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**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board resolutions and State laws. Eligible classified employees and administrators 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 and administrators who are not on a twelve-month contract do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 sick days of leave for each year under contract. During regular employment, sick leave may be accumulated, up to a maximum of 250 days for teachers, 310 days for administrators and 260 days for classified. Upon retirement, severance pay is based upon one-fourth of the accrual of sick days up to a maximum of 50 days for teachers, 60 days for administrators and 45 days for classified.

**Note 10 – Long-Term Obligations**

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The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due In One Year
Bonds Payable:					
Lease-Purchase Agreement	\$4,605,000	\$0	\$120,000	\$4,485,000	\$125,000
Capital Lease Payable:					
Copier Lease	525,825	0	110,700	415,125	110,700
	<u>\$5,130,825</u>	<u>\$0</u>	<u>\$230,700</u>	<u>\$4,900,125</u>	<u>235,700</u>
Compensated Absences	<u>1,109,446</u>	<u>135,126</u>	<u>228,249</u>	<u>1,016,323</u>	<u>143,528</u>
Total Governmental Activities	<u><u>\$6,240,271</u></u>	<u><u>\$135,126</u></u>	<u><u>\$458,949</u></u>	<u><u>\$5,916,448</u></u>	<u><u>\$379,228</u></u>

In the year ended June 30, 2003, the School District entered into a lease-purchase agreement for the renovation of Shea Stadium and the construction of a new track and synthetic field. In the year ended June 30, 2004, the School District entered into a second similar lease purchase agreement for building renovations. These agreements were recorded in a manner similar to a capital lease payable. During the year ended June 30, 2007, the School District combined both lease-purchase agreements and used unspent proceeds to pay down outstanding balances. The School District is leasing the improvements from Rickenbacker Port Authority. Rickenbacker Port Authority retains title to the projects during the lease term. Rickenbacker Port Authority assigned National City Bank as trustee. The capital assets (building and improvements) acquired under the capital lease totaled \$14,416,306. The lease-purchase agreement matures on December 1, 2032 and pays interest at 5.26% annually.



**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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In prior years, the District has entered into a capital lease for copiers. The lease for the copiers meet the criteria of a capital lease, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. The capital assets (equipment) acquired under the capital lease for the copiers totaled \$553,500. The copier lease matures in March 2015.

All general obligation debt is supported by the full faith and credit of the School District. Lease-purchase agreement and copier lease payments will be made from the General Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid.

The following is a schedule of future minimum lease payments under the lease-purchase and copier lease, together with the net present value of the minimum lease payments as of June 30, 2011:

Fiscal Year Ending June 30	Principal
2012	\$474,958
2013	475,005
2014	472,728
2015	443,479
2016	354,664
2017-2021	1,799,482
2022-2026	1,772,168
2027-2031	1,737,929
2032	354,333
Total Minimum Lease Payments	\$7,884,746
Amount Representing Interest and Additional program cost component	(2,984,621)
Present Value of Minimum Lease Payments	<u>\$4,900,125</u>

**Note 11 – Jointly Governed Organizations**

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*The Great Oaks Institute of Technology and Career Development*

The Great Oaks Institute of Technology and Career Development (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The School District has no ongoing financial interest in or responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

*Hamilton/Clermont Cooperative Association*

The Hamilton/Clermont Cooperative Association (HCCA) was formed for the purpose of

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the two county consortium supports HCCA based upon per pupil charge dependent upon the software package utilized. HCCA is governed by a board of directors consisting of the superintendents of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. To obtain financial information, write to HCCA, at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

*Greater Cincinnati Insurance Consortium*

The District is a member of the Greater Cincinnati Insurance Consortium (GCIC) which is a group insurance consortium. The consortium has 13 member schools and provides a wide range of group insurance benefits to each member schools employees and dependents and designated beneficiaries. The purpose of the consortium is to establish and maintain a fund to provide and/or purchase health insurance, dental insurance, life insurance and other insurance benefits to employees, their dependents and designated beneficiaries. The consortium is governed by a Board of Directors made up from one representative of each school district/service center.

**Note 12 – Contingencies**

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**Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

**Litigation**

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**Duke Energy Contingency**

In June, 2010 Duke Energy notified School District customers in southwest Ohio that it had appealed its personal property valuation with the Ohio Department of Taxation and was going to reduce its tax payments while the appeal was in process. The impact on the District is estimated at \$150,000 per year if Duke wins the appeal. Duke indicated that it would begin deducting half that amount from its tax payments beginning in fiscal year 2011. The District believes that the valuation method used by the Ohio Department of Taxation is correct and will be upheld. However, the District has adjusted its forecasted tax revenues to reflect this change and has sufficient cash reserves to cover the repayment of taxes that would be necessary if Duke wins the appeal.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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**Note 13 – Required Set-Asides**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2010	(\$2,715,627)	\$276,070
Current Year Set Aside Requirements	326,855	326,855
Qualified Disbursements	<u>(534,080)</u>	<u>(582,333)</u>
Set Aside Reserve Balance as of June 30, 2011	<u>(\$2,922,852)</u>	<u>\$20,592</u>
Restricted Cash as of June 30, 2011	<u>\$0</u>	<u>\$20,592</u>
Carried Forward to FY2012	<u>(\$2,922,852)</u>	

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, these extra amounts could be used to reduce the set aside requirements of future years but the School District has elected to carry the excess forward. However, the excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

**Note 14 – Deficit Fund Balances**

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The following governmental funds had deficit fund balances at June 30, 2011:

	<u>Amounts</u>
Other Governmental Funds:	
Education Jobs	\$85,542
Title VI-B	48,722
Title I	119,883
Title VII-A	69,457

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 15 – Fund Balances**

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

<b>Fund Balances</b>	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Nonspendable on:			
Inventory	\$12,313	\$0	\$12,313
Permanent	0	20,000	20,000
Total Nonspendable	12,313	20,000	32,313
Restricted for:			
Special Purposes	0	28,386	28,386
Local Grants	0	33,315	33,315
Auxiliary Services	0	12,383	12,383
K-12 Network Subsidy	0	6,000	6,000
High Schools That Work	0	705	705
Career Development	0	1,733	1,733
Title III Grants	0	1,843	1,843
Misc Federal Grants	0	16,748	16,748
Title II Grants	0	2,069	2,069
Race To The Top	0	19,045	19,045
Extracurricular Activities	0	7,712	7,712
Capital Improvements	20,592	0	20,592
Total Restricted	20,592	129,939	150,531
Assigned to:			
Encumbrances	194,003	0	194,003
Permanent	0	39,950	39,950
Capital Improvements	0	983,001	983,001
Total Assigned	194,003	1,022,951	1,216,954
Unassigned (Deficit)	5,318,552	(323,604)	4,994,948
Total Fund Balance	\$5,545,460	\$849,286	\$6,394,746

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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**Note 16 – Change in Accounting Principles and Restatement of Fund Balance**

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**Change in Accounting Principles**

For fiscal year 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB 54 shifts the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the District is bound to honor constraints on the specific purposes for which amounts in funds can be spent.

**Restatement of Fund Balance**

The implementation of GASB 54 had the following effects on fund balance of the following major and non-major (other governmental) funds of the District as they were previously reported.

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2010	\$3,627,104	\$850,787
Change in Fund Structure	55,459	(55,459)
Fund Balance, June 30, 2010 - Restated	<u>\$3,682,563</u>	<u>\$795,328</u>

# **REQUIRED SUPPLEMENTARY INFORMATION**

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Norwood City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$12,495,200	\$12,198,901	\$11,466,377	(\$732,524)
Revenue in lieu of taxes	349,822	341,527	321,019	(20,508)
Tuition and Fees	296,022	289,002	271,648	(17,354)
Investment Earnings	2,437	2,379	2,236	(143)
Intergovernmental	13,018,282	12,709,579	11,946,390	(763,189)
Charges for Services	328,177	320,395	301,156	(19,239)
Other Revenues	81,125	79,201	74,445	(4,756)
<b>Total Revenues</b>	<b>26,571,065</b>	<b>25,940,984</b>	<b>24,383,271</b>	<b>(1,557,713)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	11,600,732	11,796,887	11,374,678	422,209
Special	2,350,754	2,390,503	2,304,947	85,556
Other	832,425	846,500	816,204	30,296
<b>Support Services:</b>				
Pupil	1,470,243	1,495,104	1,441,594	53,510
Instructional Staff	1,377,983	1,401,283	1,351,131	50,152
General Administration	26,558	27,007	26,040	967
School Administration	1,558,685	1,585,040	1,528,312	56,728
Fiscal	692,798	704,512	679,298	25,214
Operations and Maintenance	1,904,639	1,936,844	1,867,525	69,319
Pupil Transportation	560,852	570,335	549,923	20,412
Central	76,619	77,915	75,126	2,789
Operation of Non-Instructional Services	972,627	989,073	953,674	35,399
Extracurricular Activities	393,529	400,184	385,861	14,323
Capital Outlay	383,865	390,356	376,385	13,971
<b>Total Expenditures</b>	<b>24,202,309</b>	<b>24,611,543</b>	<b>23,730,698</b>	<b>880,845</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,368,756</b>	<b>1,329,441</b>	<b>652,573</b>	<b>(676,868)</b>
<b>Other Financing Sources (Uses):</b>				
Advances In	419,571	409,622	385,025	(24,597)
Advances (Out)	(827,623)	(841,617)	(811,496)	30,121
Transfers In	65,879	64,317	60,455	(3,862)
Transfers (Out)	(130,516)	(132,723)	(127,973)	4,750
<b>Total Other Financing Sources (Uses)</b>	<b>(472,689)</b>	<b>(500,401)</b>	<b>(493,989)</b>	<b>6,412</b>
<b>Net Change in Fund Balance</b>	<b>1,896,067</b>	<b>829,040</b>	<b>158,584</b>	<b>(670,456)</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>2,041,520</b>	<b>2,041,520</b>	<b>2,041,520</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$3,937,587</b>	<b>\$2,870,560</b>	<b>\$2,200,104</b>	<b>(\$670,456)</b>

See accompanying notes to the required supplementary information.

**Norwood City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2011**

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**Note 1 - Budgetary Process**

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All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. During the course of fiscal 2011, the District amended its budget at several times, however none were significant.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District 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 issued during the fiscal year 2011.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

While the District is reporting financial position, results of operations and changes in fund balance 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 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are 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 for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.



**Norwood City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2011**

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5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$1,862,897
Revenue Accruals	(333,374)
Expenditure Accruals	(630,354)
Transfers In	60,337
Transfers Out	(60,455)
Advances In	385,025
Advances Out	(811,496)
Encumbrances	<u>(313,996)</u>
Budget Basis	<u><u>\$158,584</u></u>

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**NORWOOD CITY SCHOOL DISTRICT**



**Single Audit Reports**

**June 30, 2011**

**NORWOOD CITY SCHOOL DISTRICT**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed Through Ohio Department of Education:				
Nutrition Cluster:				
School Breakfast Program	3L70	10.553	\$131,525	\$131,525
National School Lunch Program	3L60	10.555	541,550	541,550
Summer Food Service Program for Children	3L60	10.559	47,614	47,614
Total Nutrition Cluster			<u>720,689</u>	<u>720,689</u>
School Lunch Equipment	3EF0	10.579	5,773	5,773
Total U.S. Department of Agriculture			<u>726,462</u>	<u>726,462</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Passed Through Ohio Department of Education:				
Special Education Cluster:				
Special Education-Grants to States	3M20	84.027	520,854	631,032
Special Education-Grants to States - ARRA	3DJ0	84.391	292,154	245,555
Special Education-Preschool Grants	3C50	84.173	24,165	24,165
Special Education-Preschool Grants - ARRA	3DL0	84.392	17,696	17,696
Total Special Education Cluster			<u>854,869</u>	<u>918,448</u>
Title I Cluster:				
Title I Grants to Local Educational Agencies	3M00	84.010	1,159,938	1,186,427
Title I Grants to Local Educational Agencies - ARRA	3DK0	84.389	271,959	352,119
Total Title I Cluster			<u>1,431,897</u>	<u>1,538,546</u>
Safe and Drug Free Schools and Communities	3D10	84.186	1,269	1,399
Twenty First Century Community Learning Center	3Y20	84.287	632,120	559,055
Education Technology State Grants	3S20	84.318	14,216	12,146
Improving Teacher Quality	3Y60	84.367	181,963	243,207
State Fiscal Stabilization Fund (SFSF) Ed St Grant - ARRA	GRF	84.394	566,646	613,387
English Language Acquisition Grants	3Y70	84.365	42,687	42,372
Education Jobs	ET11	84.410		394,316
Race to the Top	3FD0	84.395	42,884	23,839
Passed Through Great Oaks Institute of Technology and Career Development				
Career & Technical Education Basic Grants to States	GO11	84.048	6,896	7,102
Total Department of Education			<u>3,775,447</u>	<u>4,353,817</u>
Total Federal Assistance			<u>\$4,501,909</u>	<u>\$5,080,279</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

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

To the Board of Education  
Norwood City School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood City School District (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2011 wherein we noted the District adopted GASB Statement No. 54 as disclosed in Note 16. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated December 9, 2011.

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
December 9, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Education  
Norwood City School District

Compliance

We have audited the Norwood City School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control over Compliance

Management of the District 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 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.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011, which contained an unqualified opinion on those financial statements wherein we noted the District adopted GASB Statement No. 54 as disclosed in Note 16. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
December 9, 2011



**Section I – Summary of Auditor’s Results (continued)**

<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**NORWOOD CITY SCHOOL DISTRICT  
JUNE 30, 2011**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
*OMB CIRCULAR A-133***

<u>Finding Number</u>	<u>Finding Summary / Explanation</u>	<u>Status</u>	<u>Explanation</u>
2010 -001	Employees having unauthorized access to financial information	Fully Corrected	The District implemented application and monitoring controls to ensure only authorized employees have access to financial information.

**NORWOOD CITY SCHOOL DISTRICT**



**Agreed Upon Procedures Report**

**June 30, 2011**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Education  
Norwood City School District

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

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

1. We noted the Board amended its anti-harassment policy on October 21, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
December 9, 2011



# Dave Yost • Auditor of State

**NORWOOD CITY SCHOOL DISTRICT**

**HAMILTON 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  
JULY 03, 2012**