



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**





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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State



**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Noble Local School District  
Noble County  
20977 State Route 146  
Sarahsville, Ohio 43779

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose 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 general purpose 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Noble Local School District, Noble County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and the similar trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2002, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for 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 general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as whole.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

December 20, 2002



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Noble Local School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,640,820	\$199,893	\$274,915	\$132,123
<u>Receivables:</u>				
Taxes	2,474,384	52,811	0	0
Accounts	594	174	0	0
Intergovernmental	6,452	22,434	0	0
Interfund Receivable	54,974	0	0	0
Due from Other Funds	91	0	0	0
Prepaid Items	119,274	7,818	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	37,508	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
 <u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 \$4,334,097	 \$283,130	 \$274,915	 \$132,123

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$8,103	\$0	\$70,943	\$0	\$0	\$2,326,797
0	0	0	0	0	2,527,195
0	0	0	0	0	768
0	0	0	0	0	28,886
0	0	0	0	0	54,974
0	0	0	0	0	91
5,849	0	0	0	0	132,941
2,325	0	0	0	0	2,325
411	0	0	0	0	37,919
47,529	0	0	11,827,025	0	11,874,554
0	0	0	0	215,602	215,602
0	0	0	0	1,727,540	1,727,540
<u>\$64,217</u>	<u>\$0</u>	<u>\$70,943</u>	<u>\$11,827,025</u>	<u>\$1,943,142</u>	<u>\$18,929,592</u>

(continued)

Noble Local School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups (Continued)  
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$35,807	\$655	\$0	\$0
Accrued Wages and Benefits Payable	775,330	76,285	0	0
Compensated Absences Payable	15,303	0	0	0
Interfund Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Intergovernmental Payable	118,855	8,612	0	0
Deferred Revenue	2,356,884	52,021	0	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,302,179</b>	<b>137,573</b>	<b>0</b>	<b>0</b>
<u>Fund Equity and Other Credits:</u>				
Investment in				
General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings (Deficits)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	101,681	29,809	59,313	2,057
Reserved for Inventory	37,508	0	0	0
Reserved for Unclaimed Monies	646	0	0	0
Reserved for Property Taxes	117,500	2,230	0	0
Reserved for Endowments	0	0	0	0
Unreserved:				
Undesignated	774,583	113,518	215,602	130,066
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>1,031,918</b>	<b>145,557</b>	<b>274,915</b>	<b>132,123</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$4,334,097</b>	<b>\$283,130</b>	<b>\$274,915</b>	<b>\$132,123</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$258	\$0	\$0	\$0	\$0	\$36,720
33,106	0	0	0	0	884,721
13,237	0	0	0	423,407	451,947
0	54,974	0	0	0	54,974
0	0	91	0	0	91
15,227	0	0	0	63,958	206,652
0	0	0	0	0	2,408,905
0	0	31,202	0	0	31,202
0	134,101	0	0	0	134,101
0	0	0	0	1,400,777	1,400,777
0	0	0	0	55,000	55,000
<u>61,828</u>	<u>189,075</u>	<u>31,293</u>	<u>0</u>	<u>1,943,142</u>	<u>5,665,090</u>
0	0	0	11,827,025	0	11,827,025
132,879	0	0	0	0	132,879
(130,490)	(189,075)	0	0	0	(319,565)
0	0	0	0	0	192,860
0	0	0	0	0	37,508
0	0	0	0	0	646
0	0	0	0	0	119,730
0	0	33,500	0	0	33,500
<u>0</u>	<u>0</u>	<u>6,150</u>	<u>0</u>	<u>0</u>	<u>1,239,919</u>
<u>2,389</u>	<u>(189,075)</u>	<u>39,650</u>	<u>11,827,025</u>	<u>0</u>	<u>13,264,502</u>
<u>\$64,217</u>	<u>\$0</u>	<u>\$70,943</u>	<u>\$11,827,025</u>	<u>\$1,943,142</u>	<u>\$18,929,592</u>

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 2002

	Governmental		Fund Types	
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Taxes	\$1,982,085	\$44,654	\$0	\$0
Intergovernmental	5,600,136	561,142	0	53,894
Interest	69,544	0	0	0
Tuition and Fees	37,457	0	0	0
Extracurricular Activities	7,295	65,683	0	0
Miscellaneous	53,414	22,190	0	0
<b>Total Revenues</b>	<b>7,749,931</b>	<b>693,669</b>	<b>0</b>	<b>53,894</b>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,386,683	182,404	0	0
Special	545,087	272,806	0	0
Vocational	156,784	0	0	0
Adult/Continuing	427	0	0	0
Other	1,367	0	0	0
Support Services:				
Pupils	463,272	0	0	0
Instructional Staff	271,342	79,690	0	0
Board of Education	65,919	0	0	0
Administration	772,390	69,916	0	0
Fiscal	271,685	2,821	0	0
Business	6,315	0	0	0
Operation and Maintenance of Plant	658,676	30,625	0	0
Pupil Transportation	764,805	0	0	0
Central	0	4,634	0	0
Non-Instructional Services	0	1,332	0	0
Extracurricular Activities	88,650	81,609	0	0
Capital Outlay	55,642	0	0	81,424
Refund of Property Taxes	127,023	6,366	10,640	0
Debt Service:				
Principal Retirement	4,458	0	50,000	132,155
Interest and Fiscal Charges	1,362	0	6,247	86,142
<b>Total Expenditures</b>	<b>7,641,887</b>	<b>732,203</b>	<b>66,887</b>	<b>299,721</b>
Excess of Revenues Over (Under) Expenditures	108,044	(38,534)	(66,887)	(245,827)
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Fixed Assets	159	0	0	0
Operating Transfers In	0	0	56,248	346,832
Operating Transfers Out	(413,080)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(412,921)</b>	<b>0</b>	<b>56,248</b>	<b>346,832</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(304,877)	(38,534)	(10,639)	101,005
Fund Balances at Beginning of Year	1,336,795	184,091	285,554	31,118
<b>Fund Balances at End of Year</b>	<b>\$1,031,918</b>	<b>\$145,557</b>	<b>\$274,915</b>	<b>\$132,123</b>

See accompanying notes to the general purpose financial statement:

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$0	\$2,026,739
0	6,215,172
70	69,614
0	37,457
0	72,978
0	75,604
<u>70</u>	<u>8,497,564</u>
0	3,569,087
0	817,893
0	156,784
0	427
0	1,367
0	463,272
0	351,032
0	65,919
0	842,306
0	274,506
0	6,315
0	689,301
0	764,805
0	4,634
0	1,332
0	170,259
0	137,066
0	144,029
0	186,613
0	93,751
<u>0</u>	<u>8,740,698</u>
<u>70</u>	<u>(243,134)</u>
0	159
0	403,080
0	(413,080)
<u>0</u>	<u>(9,841)</u>
70	(252,975)
<u>5,048</u>	<u>1,842,606</u>
<u>\$5,118</u>	<u>\$1,589,631</u>

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types and Similar Trust Funds  
 For the Fiscal Year Ended June 30, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,828,490	\$2,035,865	\$207,375
Intergovernmental	5,405,120	5,596,921	191,801
Interest	55,000	52,654	(2,346)
Tuition and Fees	26,480	32,073	5,593
Extracurricular Activities	6,300	7,204	904
Miscellaneous	18,100	41,186	23,086
<b>Total Revenues</b>	<b>7,339,490</b>	<b>7,765,903</b>	<b>426,413</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,506,029	3,372,157	133,872
Special	575,802	541,676	34,126
Vocational	202,970	167,359	35,611
Adult/Continuing	3,925	427	3,498
Other	4,885	1,373	3,512
Support Services:			
Pupils	485,546	460,452	25,094
Instructional Staff	339,229	306,836	32,393
Board of Education	80,944	73,522	7,422
Administration	777,198	754,580	22,618
Fiscal	276,073	265,275	10,798
Business	6,500	6,315	185
Operation and Maintenance of Plant	798,318	679,533	118,785
Pupil Transportation	827,789	797,281	30,508
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	98,688	89,651	9,037
Capital Outlay	58,234	55,642	2,592
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>8,042,130</b>	<b>7,572,079</b>	<b>470,051</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(702,640)</b>	<b>193,824</b>	<b>896,464</b>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	159	159
Refund of Prior Year Receipts	(140,690)	(137,974)	2,716
Refund of Prior Year Expenditures	15,000	16,306	1,306
Operating Transfers In	0	0	0
Operating Transfers Out	(413,536)	(413,080)	456
Advances In	0	20,000	20,000
Advances Out	(20,000)	(74,974)	(54,974)
<b>Total Other Financing Sources (Uses)</b>	<b>(559,226)</b>	<b>(589,563)</b>	<b>(30,337)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(1,261,866)</b>	<b>(395,739)</b>	<b>866,127</b>
Fund Balances at Beginning of Year	1,715,414	1,715,414	0
Prior Year Encumbrances Appropriated	174,699	174,699	0
<b>Fund Balances at End of Year</b>	<b>\$628,247</b>	<b>\$1,494,374</b>	<b>\$866,127</b>



Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$39,690	\$43,674	\$3,984	\$0	\$0	\$0
640,771	623,493	(17,278)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
88,500	65,683	(22,817)	0	0	0
20,000	22,016	2,016	0	0	0
<u>788,961</u>	<u>754,866</u>	<u>(34,095)</u>	<u>0</u>	<u>0</u>	<u>0</u>
232,301	196,239	36,062	0	0	0
340,290	270,901	69,389	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
113,790	94,014	19,776	0	0	0
0	0	0	0	0	0
78,960	68,911	10,049	0	0	0
2,981	2,716	265	21	0	21
0	0	0	0	0	0
30,350	34,125	(3,775)	0	0	0
0	0	0	0	0	0
6,564	4,634	1,930	0	0	0
1,332	1,332	0	0	0	0
128,428	100,060	28,368	0	0	0
0	0	0	0	0	0
0	0	0	109,313	109,313	0
0	0	0	6,247	6,247	0
<u>934,996</u>	<u>772,932</u>	<u>162,064</u>	<u>115,581</u>	<u>115,560</u>	<u>21</u>
<u>(146,035)</u>	<u>(18,066)</u>	<u>127,969</u>	<u>(115,581)</u>	<u>(115,560)</u>	<u>21</u>
0	0	0	0	0	0
(6,600)	(10,097)	(3,497)	(11,000)	(10,640)	360
1,450	1,450	0	0	0	0
0	0	0	56,248	56,248	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>(5,150)</u>	<u>(8,647)</u>	<u>(3,497)</u>	<u>45,248</u>	<u>45,608</u>	<u>360</u>
(151,185)	(26,713)	124,472	(70,333)	(69,952)	381
141,903	141,903	0	226,241	226,241	0
54,239	54,239	0	59,313	59,313	0
<u>\$44,957</u>	<u>\$169,429</u>	<u>\$124,472</u>	<u>\$215,221</u>	<u>\$215,602</u>	<u>\$381</u>

(continued)

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types and Similar Trust Fund (Continued)  
 For the Fiscal Year Ended June 30, 2002

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	53,894	53,894	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>53,894</b>	<b>53,894</b>	<b>0</b>
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	54,441	53,819	622
Special	0	0	0
Vocational	792	792	0
Adult/Continuing	0	0	0
Other	0	0	0
<u>Support Services:</u>			
Pupils	0	0	0
Instructional Staff	5,000	5,000	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	243,297	242,297	1,000
<u>Debt Service:</u>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>303,530</b>	<b>301,908</b>	<b>1,622</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(249,636)</b>	<b>(248,014)</b>	<b>1,622</b>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Receipts	0	(621)	(621)
Refund of Prior Year Expenditures	0	0	0
Operating Transfers In	346,832	346,832	0
Operating Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>346,832</b>	<b>346,211</b>	<b>(621)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>97,196</b>	<b>98,197</b>	<b>1,001</b>
<b>Fund Balances at Beginning of Year</b>	<b>6,691</b>	<b>6,691</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>25,178</b>	<b>25,178</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$129,065</b>	<b>\$130,066</b>	<b>\$1,001</b>

See accompanying notes to the general purpose financial statement:

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,868,180	\$2,079,539	\$211,359
0	0	0	6,099,785	6,274,308	174,523
100	70	(30)	55,100	52,724	(2,376)
0	0	0	26,480	32,073	5,593
0	0	0	94,800	72,887	(21,913)
0	0	0	38,100	63,202	25,102
100	70	(30)	8,182,445	8,574,733	392,288
0	0	0	3,792,771	3,622,215	170,556
0	0	0	916,092	812,577	103,515
0	0	0	203,762	168,151	35,611
0	0	0	3,925	427	3,498
0	0	0	4,885	1,373	3,512
0	0	0	485,546	460,452	25,094
0	0	0	458,019	405,850	52,169
0	0	0	80,944	73,522	7,422
0	0	0	856,158	823,491	32,667
0	0	0	279,075	267,991	11,084
0	0	0	6,500	6,315	185
0	0	0	828,668	713,658	115,010
0	0	0	827,789	797,281	30,508
0	0	0	6,564	4,634	1,930
0	0	0	1,332	1,332	0
3,000	0	3,000	230,116	189,711	40,405
0	0	0	301,531	297,939	3,592
0	0	0	109,313	109,313	0
0	0	0	6,247	6,247	0
3,000	0	3,000	9,399,237	8,762,479	636,758
(2,900)	70	2,970	(1,216,792)	(187,746)	1,029,046
0	0	0	0	159	159
0	0	0	(158,290)	(159,332)	(1,042)
0	0	0	16,450	17,756	1,306
0	0	0	403,080	403,080	0
0	0	0	(413,536)	(413,080)	456
0	0	0	0	20,000	20,000
0	0	0	(20,000)	(74,974)	(54,974)
0	0	0	(172,296)	(206,391)	(34,095)
(2,900)	70	2,970	(1,389,088)	(394,137)	994,951
5,048	5,048	0	2,095,297	2,095,297	0
0	0	0	313,429	313,429	0
\$2,148	\$5,118	\$2,970	\$1,019,638	\$2,014,589	\$994,951

Noble Local School District, Ohio  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 All Proprietary Fund Types and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary	Totals
	Enterprise	Internal Service	Non-Expendable Trust	(Memorandum Only)
<u>Operating Revenues:</u>				
Sales	\$254,895	\$0	\$0	\$254,895
Charges for Services	0	1,080,980	0	1,080,980
Interest	0	0	854	854
Other Revenues	0	21,358	0	21,358
<b>Total Operating Revenues</b>	<b>254,895</b>	<b>1,102,338</b>	<b>854</b>	<b>1,358,087</b>
<u>Operating Expenses:</u>				
Salaries	117,941	0	0	117,941
Fringe Benefits	74,721	0	0	74,721
Purchased Services	2,052	256,728	0	258,780
Materials and Supplies	14,595	0	0	14,595
Cost of Sales	184,640	0	0	184,640
Scholarship	0	0	1,900	1,900
Depreciation	8,823	0	0	8,823
Claims	0	1,010,751	0	1,010,751
<b>Total Operating Expenses</b>	<b>402,772</b>	<b>1,267,479</b>	<b>1,900</b>	<b>1,672,151</b>
<b>Operating Loss</b>	<b>(147,877)</b>	<b>(165,141)</b>	<b>(1,046)</b>	<b>(314,064)</b>
<u>Non-Operating Revenues:</u>				
Federal Donated Commodities	21,812	0	0	21,812
Interest	29	691	0	720
Operating Grants	108,004	0	0	108,004
<b>Total Non-Operating Revenues</b>	<b>129,845</b>	<b>691</b>	<b>0</b>	<b>130,536</b>
<b>Income Loss before Operating Transfers</b>	<b>(18,032)</b>	<b>(164,450)</b>	<b>(1,046)</b>	<b>(183,528)</b>
<b>Operating Transfers In</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>10,000</b>
<b>Net Loss</b>	<b>(8,032)</b>	<b>(164,450)</b>	<b>(1,046)</b>	<b>(173,528)</b>
<b>Retained Earnings (Deficits)/Fund Balance at Beginning of Year (Restated - See Note 3)</b>	<b>(122,458)</b>	<b>(24,625)</b>	<b>35,578</b>	<b>(111,505)</b>
<b>Retained Earnings (Deficits)/Fund Balance at End of Year</b>	<b>(130,490)</b>	<b>(189,075)</b>	<b>34,532</b>	<b>(285,033)</b>
<b>Contributed Capital at Beginning and End of Year</b>	<b>132,879</b>	<b>0</b>	<b>0</b>	<b>132,879</b>
<b>Total Fund Equity (Deficit) at End of Year</b>	<b>\$2,389</b>	<b>(\$189,075)</b>	<b>\$34,532</b>	<b>(\$152,154)</b>

See accompanying notes to the general purpose financial statements

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 All Proprietary Fund Types and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 2002

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$251,225	\$254,895	\$3,670
Charges for Services	0	0	0
Interest	100	29	(71)
Other Revenues	500	0	(500)
Refund of Prior Year Expense	0	0	0
Operating Grants	101,600	108,004	6,404
<b>Total Revenues</b>	<b>353,425</b>	<b>362,928</b>	<b>9,503</b>
<u>Expenses:</u>			
Salaries	121,350	120,999	351
Fringe Benefits	80,920	78,355	2,565
Purchased Services	2,536	2,520	16
Materials and Supplies	181,348	176,884	4,464
Scholarship	0	0	0
<b>Total Expenses</b>	<b>386,154</b>	<b>378,758</b>	<b>7,396</b>
Excess of Revenues Under Expenses	(32,729)	(15,830)	16,899
Transfers In	20,000	10,000	(10,000)
Advances In	20,000	20,000	0
Advances Out	(20,000)	(20,000)	0
Excess of Revenues Under Expenses, Operating Transfers and Advances	(12,729)	(5,830)	6,899
Fund Equity at Beginning of Year	12,007	12,007	0
Prior Year Encumbrances Appropriated	1,384	1,384	0
<b>Fund Equity at End of Year</b>	<b>\$662</b>	<b>\$7,561</b>	<b>\$6,899</b>

(continued)

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 All Proprietary Fund Types and Similar Trust Fund (Continued)  
 For the Fiscal Year Ended June 30, 2002

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Charges for Services	1,095,000	1,080,980	(14,020)
Interest	5,000	691	(4,309)
Other Revenues	1,000	393	(607)
Refund of Prior Year Expense	20,000	20,965	965
Operating Grants	0	0	0
<b>Total Revenues</b>	<b>1,121,000</b>	<b>1,103,029</b>	<b>(17,971)</b>
<u>Expenses:</u>			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	1,225,000	1,252,606	(27,606)
Materials and Supplies	0	0	0
Scholarship	0	0	0
<b>Total Expenses</b>	<b>1,225,000</b>	<b>1,252,606</b>	<b>(27,606)</b>
Excess of Revenues Under Expenses	(104,000)	(149,577)	(45,577)
Transfers In	0	0	0
Advances In	0	54,974	54,974
Advances Out	0	0	0
Excess of Revenues Under Expenses, Operating Transfers and Advances	(104,000)	(94,603)	9,397
Fund Equity at Beginning of Year	94,603	94,603	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Equity at End of Year</b>	<b>(\$9,397)</b>	<b>\$0</b>	<b>\$9,397</b>

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$251,225	\$254,895	\$3,670
0	0	0	1,095,000	1,080,980	(14,020)
1,625	854	(771)	6,725	1,574	(5,151)
0	0	0	1,500	393	(1,107)
0	0	0	20,000	20,965	965
0	0	0	101,600	108,004	6,404
<u>1,625</u>	<u>854</u>	<u>(771)</u>	<u>1,476,050</u>	<u>1,466,811</u>	<u>(9,239)</u>
0	0	0	121,350	120,999	351
0	0	0	80,920	78,355	2,565
0	0	0	1,227,536	1,255,126	(27,590)
0	0	0	181,348	176,884	4,464
2,125	1,900	225	2,125	1,900	225
<u>2,125</u>	<u>1,900</u>	<u>225</u>	<u>1,613,279</u>	<u>1,633,264</u>	<u>(19,985)</u>
(500)	(1,046)	(546)	(137,229)	(166,453)	(29,224)
0	0	0	20,000	10,000	(10,000)
0	0	0	20,000	74,974	54,974
0	0	0	(20,000)	(20,000)	0
(500)	(1,046)	(546)	(117,229)	(101,479)	15,750
35,578	35,578	0	142,188	142,188	0
0	0	0	1,384	1,384	0
<u>\$35,078</u>	<u>\$34,532</u>	<u>(\$546)</u>	<u>\$26,343</u>	<u>\$42,093</u>	<u>\$15,750</u>

Noble Local School District, Ohio  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$254,895	\$0	\$0	\$254,895
Cash Received from				
Quasi-External Transactions with Other Funds	0	1,080,980	0	1,080,980
Other Operating Revenues	0	21,358	0	21,358
Cash Payments to Suppliers for Goods and Services	(178,862)	(256,728)	0	(435,590)
Cash Payments for Employee Services	(120,999)	0	0	(120,999)
Cash Payments for Employee Benefits	(78,355)	0	0	(78,355)
Cash Payments for Scholarships	0	0	(1,900)	(1,900)
Cash Payments for Claims	0	(995,878)	0	(995,878)
Net Cash Used for Operating Activities	(123,321)	(150,268)	(1,900)	(275,489)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Transfers In	10,000	0	0	10,000
Advances In	20,000	54,974	0	74,974
Advances Out	(20,000)	0	0	(20,000)
Operating Grants Received	108,004	0	0	108,004
Net Cash Provided by Noncapital Financing Activities	118,004	54,974	0	172,978
<u>Cash Flows from Investing Activities:</u>				
Interest	29	691	854	1,574
Net Decrease in Cash and Cash Equivalents	(5,288)	(94,603)	(1,046)	(100,937)
Cash and Cash Equivalents at Beginning of Year	13,391	94,603	35,578	143,572
Cash and Cash Equivalents at End of Year	\$8,103	\$0	\$34,532	\$42,635
Reconciliation of Operating Loss to Net				
<u>Cash Used for Operating Activities:</u>				
Operating Loss	(\$147,877)	(\$165,141)	(\$1,046)	(\$314,064)
Adjustments to Reconcile Operating Loss to Net				
<u>Cash Used for Operating Activities:</u>				
Depreciation	8,823	0	0	8,823
Interest Income	0	0	(854)	(854)
Donated Commodities Used During Year	23,061	0	0	23,061
Changes in Assets and Liabilities:				
Increase in Prepaid Items	(1,183)	0	0	(1,183)
Decrease in Inventory Held for Resale	200	0	0	200
Increase in Materials and Supplies Inventory	(192)	0	0	(192)
Increase in Accounts Payable	74	0	0	74
Increase in Accrued Wages and Benefits Payable	4,064	0	0	4,064
Decrease in Compensated Absences Payable	(4,758)	0	0	(4,758)
Decrease in Intergovernmental Payable	(5,533)	0	0	(5,533)
Increase in Claims Payable	0	14,873	0	14,873
Total Adjustments	24,556	14,873	(854)	38,575
Net Cash Used for Operating Activities	(\$123,321)	(\$150,268)	(\$1,900)	(\$275,489)
Non-cash Transaction: During fiscal year 2002, the Food Service Enterprise Fund received \$21,812 in donated commodities.				
<u>Reconciliation:</u>				
Cash and Cash Equivalents - All Fiduciary Funds		\$70,943		
Cash and Cash Equivalents - Agency Fund and Expendable Trust Fund		(36,411)		
Cash and Cash Equivalents - Non-Expendable Trust Fund		\$34,532		

See accompanying notes to the general purpose financial statements



**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 56 classified and 87 certified full time teaching personnel who provide services to 1,299 students and other community members.

***Reporting Entity:***

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

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

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Mid-East Ohio Joint Vocational School District, the Coalition of Rural and Appalachian Schools, and the East Central Ohio Special Education Regional Resource Center which are defined as jointly governed organizations; the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, which is defined as a group insurance purchasing pool; and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a claims servicing pool. These organizations are presented in Notes 18, 19, and 20 to the general purpose financial statements.

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

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

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***A. Basis of Presentation - Fund Accounting***

The School District uses funds and account groups 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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

***Governmental Fund Types:***

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Capital Projects Funds** - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

***Proprietary Fund Types:***

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Enterprise Funds** - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Internal Service Fund** - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

***Fiduciary Fund Types:***

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include an expendable trust fund, a non-expendable trust fund, and an agency fund. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The non-expendable trust fund is accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

***Account Groups:***

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

**General Long-Term Obligations Account Group** - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

***B. Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund 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 increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the non-expendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary and non-expendable trust funds.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 7). Revenue from grants 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.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grant and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

***C. Budgetary Process***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations by fund cannot exceed estimated resources, as certified.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations to the function and object level without resolution by the Board.

***Tax Budget:***

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Noble County Budget Commission for rate determination.

***Estimated Resources:***

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the amended certificate in effect when final appropriations for the year were passed.

***Appropriations:***

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds other than agency funds, consistent with statutory provisions.

***Encumbrances:*** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

***Lapsing of Appropriations:*** At the close of each 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.

***D. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

The School District's investments in government securities are reported at fair value.

During the fiscal year, the School District invested in STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for at June 30, 2002. The School District also invested in federal government securities, which are recorded at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$69,544, which includes \$32,002 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

***E. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***G. Fixed Assets and Depreciation***

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. 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. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of vehicles and furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life that ranges from ten to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

***H. Interfund Assets/Liabilities***

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet.

***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 School District records a liability for accumulated unused sick leave for all employees with at least twenty years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are generally considered not to have been made with current available financial resources. Capital leases and long-term loans are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

***K. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Non-recurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***L. Fund Balance Reserves***

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for endowment represents contributions to non-expendable trust funds that must be kept intact.

***M. Estimates***

The preparation of the 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.

***N. Contributed Capital***

Contributed capital represents resources provided by other governments, other funds, and private sources to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end. Since fiscal year 2000, contributions of capital from other governments and private sources have been recorded as revenues and reported as retained earnings. Contributions from other funds continue to be reported as contributed capital. There was no change in contributed capital during this fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed



**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
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capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

***O. Totals Columns on General Purpose Financial Statements***

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 3 - Restatement of Prior Year Retained Earnings**

As of June 30, 2001, deferred revenue in the enterprise funds was overstated by \$2,996. Retained earnings as previously reported was (\$125,454) and was restated at (\$122,458).

**Note 4 – Accountability and Compliance**

The Food Service Enterprise Fund and Self-Insurance Internal Service Fund had deficit retained earnings of \$130,712 and \$189,075, respectively, at June 30, 2002. The deficits are the result of accumulated losses. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficits.

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types and Similar Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
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5. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types and Similar Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$304,877)	(\$38,534)	(\$10,639)	\$101,005	\$70
Revenue Accruals	15,388	62,647	0	0	0
Expenditure Accruals	38,706	(22,593)	0	(751)	0
Prepaid Items	22,579	2,231	0	0	0
Unreported Items	16,890	0	0	0	0
Advances In	20,000	0	0	0	0
Advances Out	(74,974)	0	0	0	0
Encumbrances	(129,451)	(30,464)	(59,313)	(2,057)	0
Budget Basis	<u>(\$395,739)</u>	<u>(\$26,713)</u>	<u>(\$69,952)</u>	<u>\$98,197</u>	<u>\$70</u>

Net Loss/Excess of Revenues Under  
Expenses, Operating Transfers and Advances  
All Proprietary Fund Types and Similar Trust Fund

	Enterprise	Internal Service	Non-Expendable Trust
GAAP Basis	(\$8,032)	(\$164,450)	(\$1,046)
Expense Accrual	(7,262)	14,873	0
Prepaid Items	1,183	0	0
Advances In	20,000	54,974	0
Advances Out	(20,000)	0	0
Depreciation Expense	8,823	0	0
Encumbrances	(542)	0	0
Budget Basis	<u>(\$5,830)</u>	<u>(\$94,603)</u>	<u>(\$1,046)</u>

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 6 - Deposits and Investments**

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 may 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 and interest by the United States;
2. Bonds, notes, debentures, or 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 (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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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 until 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.

**Cash on Hand** At fiscal year end, the School District had \$25 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$202,442 and the bank balance was \$416,737. Of the bank balance:

1. \$100,679 was covered by federal depository insurance; and
2. \$316,058 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department or agent in the School District's name and all State statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
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Investment	Category 1	Fair Value	Rate	Maturity
Government Securities:				
Federal Home Loan Bank - Notes	\$100,000	\$100,031	2.55%	07/03/2003
Federal Home Loan Bank - Notes	150,000	150,000	2.70%	09/30/2003
Federal Home Loan Bank - Notes	99,609	101,386	3.875%	12/15/2004
Federal National Mortgage Association - Discount Notes	9,998	10,000	0%	07/01/2002
Federal Farm Credit Bank Construction - Discount Notes	98,141	99,400	0%	11/06/2002
Federal National Mortgage Association - Discount Notes	440,397	446,445	0%	12/13/2002
Federal Home Loan Mortgage Corporation - Discount Notes	108,156	108,988	0%	01/08/2003
Star Ohio	0	1,108,080	0%	
<b>Total</b>	<b>\$1,006,301</b>	<b>\$2,124,330</b>		

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,326,797	\$0
Petty Cash	(25)	0
Investments:		
Federal Agency Securities	(1,016,250)	1,016,250
STAROhio	(1,108,080)	1,108,080
GASB Statement 3	<u>\$202,442</u>	<u>\$2,124,330</u>

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
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Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002 and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second Half Collections		2002 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$53,613,580	66.50%	\$54,587,710	70.37%
Public Utility Personal	25,376,260	31.47%	21,244,350	27.39%
Tangible Personal	1,639,430	2.03%	1,736,480	2.24%
	\$80,629,270	100.00%	\$77,568,540	100.00%

Tax Rate per \$1,000 of assessed valuation	\$32.00	\$31.00
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Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Guernsey, Monroe and Noble Counties. The Noble County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced 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 which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current fiscal year operations. The amount available as an advance at June 30, 2002, was \$119,730. \$117,500 was available to the General Fund and \$2,230 was available to the Classroom Facilities Special Revenue Fund.

**Note 8 - Receivables**

Receivables at June 30, 2002, consisted of property taxes, accounts (billings for user charged services and tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
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A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Homestead and Rollback	\$1,032
Tuition	5,315
Miscellaneous	<u>105</u>
Total General Fund	<u>\$6,452</u>
Special Revenue Funds:	
Homestead and Rollback	\$17
Eisenhower Grant	150
Title VI-B	11,609
Drug Free Schools	2,473
Miscellaneous Federal Grants	<u>8,185</u>
Total Special Revenue Funds	<u>\$22,434</u>
 Total Intergovernmental Receivables	 <u><u>\$28,886</u></u>

**Note 9 - Fixed Assets**

A summary of the proprietary fund's fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$193,175
Less Accumulated Depreciation	<u>145,646</u>
Net Fixed Assets	<u><u>\$47,529</u></u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

<u>Asset Category</u>	<u>Balance at 6/30/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/02</u>
Land and Improvements	\$530,818	\$93,663	\$0	\$624,481
Buildings	7,833,923	1,036	0	7,834,959
Furniture and Equipment	1,876,601	158,614	54,934	1,980,281
Vehicles	<u>1,371,981</u>	<u>108,318</u>	<u>92,995</u>	<u>1,387,304</u>
Totals	<u><u>\$11,613,323</u></u>	<u><u>\$361,631</u></u>	<u><u>\$147,929</u></u>	<u><u>\$11,827,025</u></u>

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Westfield Insurance Company for property insurance and Hartford Insurance Company for boiler and machinery coverage. These policies include a \$500 deductible.

Professional liability is protected by Marsh USA, Inc., with a \$2,000,000 single occurrence limit and \$4,000,000 aggregate and no deductible. Vehicles are covered by State Farm Mutual Insurance for comprehensive and collision with no deductible. Automobile liability has a \$1,000,000 combined single limit of liability.

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

***B. Workers' Compensation***

For fiscal year 2002, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Unicomp Managed Care Organization provides administration costs and actuarial services to the GRP.

***C. Employee Medical and Life Benefits***

Medical/surgical, dental, life, and vision insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$134,101 reported in the internal service fund at June 30, 2002, is based on an estimate due to the application of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for 2001 and 2002 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2001	\$87,266	\$726,908	\$694,946	\$119,228
2002	\$119,228	\$1,010,751	\$995,878	\$134,101



**Noble Local School District**  
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**Note 11 - Defined Benefit Pension Plans**

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

Noble Local School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$63,702, \$31,507, and \$48,279, respectively; 50.59 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$31,472, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

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

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$378,985, \$198,446, and \$202,770, respectively; 84.53 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$58,643, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, there are no employees who have elected Social Security.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 12 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$179,519 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$121,266.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

**Note 13 - Other Employee Benefits**

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

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract plus ninety, not to exceed 240 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 55 days for certificated employees and 50 days for all non-classified employees. For all days remaining beyond the maximum, non-classified employees are paid \$12 per day while teachers and administrators are paid at the rate of one day for every ten days of accrued unused sick leave days at the regular rate of pay.

**Note 14 - Capital Leases**

In prior fiscal years, the School District entered into capitalized leases for copiers and a new building wing. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases" which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets consisting of equipment and buildings has been capitalized in the general fixed assets account group in the amount of \$1,675,048. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long term obligations account group. Principal payments in fiscal year 2002 totaled \$136,613.

Fiscal Year	Amount
2003	\$224,117
2004	224,117
2005	224,117
2006	223,632
2007-2010	873,189
Total	1,769,172
Less: Amount Representing Interest	(368,395)
Present Value of Net Minimum Lease Payments	\$1,400,777

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 15 - Long-Term Obligations**

Changes in general long-term obligations of the School District during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
Energy Conservation Loan - 1993 - 5.95%	\$105,000	\$0	\$50,000	\$55,000
Capital Leases	1,537,390	0	136,613	1,400,777
Taxes Refund	144,029	0	144,029	0
Pension Obligation	53,956	63,958	53,956	63,958
Compensated Absences	504,150	66,296	147,039	423,407
<b>Total General Long-Term Obligations</b>	<b>\$2,344,525</b>	<b>\$130,254</b>	<b>\$531,637</b>	<b>\$1,943,142</b>

The energy conversation loan was originally issued for \$433,249. The loan was issued to install energy conversation measures throughout the School District.

The tax refund is a long-term obligation for a repayment of taxes to Texas Eastern Transmission Corporation, a public utility company, for tax years 1991 through 1996. The repayment of taxes was deducted over ten tax settlements by the Noble and Monroe County Auditors.

The capital lease will be paid from the General and Permanent Improvement Capital Projects Funds. Compensated absences and the pension obligation will be paid from the fund from which the employees salaries are paid.

The School District's overall legal debt margin at June 30, 2002, was \$7,196,771, with an unvoted debt margin of \$77,569.

Principal and interest requirements to retire the loan outstanding at June 30, 2002, are \$55,000 in principal and \$3,272 in interest.

**Note 16 - Interfund Activity**

As of June 30, 2002, there was a due to/due from other funds for \$91. This amount was owed to the General Fund from the Student Activities Agency Fund. Also, as of June 30, 2002, the General Fund has an interfund receivable in the amount of \$54,974 from the Self Insurance Internal Service Fund.

**Note 17 - Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Noble Local School District as of and for the fiscal year ended June 30, 2002.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$254,715	\$180	\$254,895
Depreciation Expense	\$8,823	\$0	\$8,823
Operating Loss	(\$147,866)	(\$11)	(\$147,877)
Donated Commodities	\$21,812	\$0	\$21,812
Interest	\$29	\$0	\$29
Operating Grants	\$108,004	\$0	\$108,004
Transfers In	\$10,000	\$0	\$10,000
Net Loss	(\$8,021)	(\$11)	(\$8,032)
Net Working Capital	(\$20,507)	\$222	(\$20,285)
Total Assets	\$63,995	\$222	\$64,217
Long-Term Compensated Absences Payable	\$13,237	\$0	\$13,237
Long-Term Pension Obligation	\$11,618	\$0	\$11,618
Total Equity	\$2,167	\$222	\$2,389
Encumbrances Outstanding at June 30, 2002	\$542	\$0	\$542

**Note 18 - Jointly Governed Organizations**

***Oho Mid-Eastern Regional Educational Service Agency (OME-RESA)*** - OME-RESA was created as a regional council of governments pursuant to State statutes. OME-RESA has 11 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. During fiscal year 2002, the Noble Local School District paid \$59,639 to OME-RESA. Financial statements can be obtained from OME-RESA, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

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

***Coalition of Rural and Appalachian Schools*** - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2002, the Noble Local School District paid \$300 to the Coalition.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***The East Central Ohio Special Education Regional Resource Center (ECO-SERRC)*** - is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The ECO-SERRC is governed by a board composed of superintendents of member school districts in East Central Ohio, parents of children with disabilities, representatives of chartered non-public schools, representatives of county boards of MR/DD and representatives of universities. The degree of control exercised by any participating school district is limited to its representation on the Board. There is no financial commitment made by the districts involved in ECO-SERRC. ECO-SERRC is not financially dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for ECO-SERRC. Financial information can be obtained by contacting Julie A. Lynch, Treasurer at the Tuscarawas-Carroll-Harrison Educational Service Center, 172 North Broadway, New Philadelphia, Ohio 44663.

**Note 19 - Insurance Purchasing Pool**

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

**Note 20 - Claims Servicing Pool**

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

**Note 21 - State School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**Note 22 - Set-Aside Calculations**

The Noble Local School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior years, the School District was also required to set aside money for the budget stabilization. During the fiscal year, the School District spent its remaining workers' compensation refund monies.

**Noble Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2001	(\$114,801)	\$0	\$33,052
Current year set-aside requirement	151,564	151,564	0
Offsets	0	(47,665)	0
Qualifying Disbursements	<u>(111,104)</u>	<u>(222,014)</u>	<u>(33,052)</u>
Totals	<u>(\$74,341)</u>	<u>(\$118,115)</u>	<u>\$0</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$74,341)</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future fiscal years. This negative balance is therefore not presented as being carried forward.

**Note 23 - Contingencies**

***A. Grants***

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

***B. Litigation***

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

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**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<b>FEDERAL GRANTOR</b> Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	NonCash Receipts	Disbursements	NonCash Disbursements
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education.</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$	\$ 21,812	\$	\$ 23,061
National School Lunch Program		10.555	102,945		102,945	
Total United States Department of Agriculture - Nutrition Cluster			<b>102,945</b>	<b>21,812</b>	<b>102,945</b>	<b>23,061</b>
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education.</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	048900-6BSF-01P 048900-6BSF-02P	84.027	8,686 90,073		15,827 80,638	
Special Education - Preschool Grant	048900-DRS1-01	84.173	8,692		8,692	
Total Special Education Cluster			<b>107,451</b>		<b>105,157</b>	
Grants to Local Educational Agencies (ESEA Title I)	048900-C1S1-01 048900-C1S1-02 048900-C1S1-01C	84.010	48,160 301,936 20,367		61,414 226,053 20,367	
Total Grants to Local Educational Agencies (ESEA Title I)			<b>370,463</b>		<b>307,834</b>	
Innovative Educational Program Strategies (Title VI)	048900-C2S1-01 048900-C2S1-02	84.298	6,791		3,020 2,348	
Total Innovative Educational Program Strategies (Title VI)			<b>6,791</b>		<b>5,368</b>	
Eisenhower Professional Development (Title II Part B)	048900-MSS1-01 048900-MSS1-02	84.281	817 10,208		7,956 5,790	
Total Eisenhower Professional Development (Title II Part B)			<b>11,025</b>		<b>13,746</b>	
Continuous Improvement Implementation	048900-G2S2-01 048900-G2S2-01C	84.276			11,348 13,000	
Total Continuous Improvement Implementation			<b>0</b>		<b>24,348</b>	
Reducing Class Size Grant (Title VI-R)	048900-CRS1-01 048900-CRS1-02	84.340	5,315 54,690		12,563 51,873	
Total Reducing Class Size Grant (Title VI-R)			<b>60,005</b>		<b>64,436</b>	
Drug-Free Schools Grant	048900-DRS1-01 048900-DRS1-02	84.186	2,680		4,598 1,196	
Total Drug-Free Schools Grant			<b>2,680</b>		<b>5,794</b>	
Total United States Department of Education			<b>558,415</b>		<b>526,683</b>	
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$661,360</b>	<b>\$21,812</b>	<b>\$629,628</b>	<b>\$23,061</b>

*The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.*

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the School District had no significant food commodities in inventory.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Noble Local School District  
Noble County  
20977 State Route 146  
Sarahsville, Ohio 43779

To the Board of Education:

We have audited the general purpose financial statements of Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2002, and have issued our report thereon dated December 20, 2002. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 20, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 20, 2002.

Noble Local School District  
Noble County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Education, and 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

December 20, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Noble Local School District  
Noble County  
20977 State Route 146  
Sarahsville, Ohio 43779

To the Board of Education:

**Compliance**

We have audited the compliance of Noble Local School District, Noble County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The School District's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School 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 on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

**Internal Control over Compliance**

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.

Noble Local School District  
Noble County  
Report of Independent Accountants on Compliance with Requirements Applicable  
to the Major Federal Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal controls that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, the Board of Education, and 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

December 20, 2002

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Grants to Local Educational Agencies (ESEA – Title I) - C.F.D.A. #84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

None

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

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**NOBLE LOCAL SCHOOL DISTRICT**

**NOBLE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 30, 2003**