



Mary Taylor, CPA
Auditor of State

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

North Central Local School District
Williams County
400 East Baubice Street
Pioneer, Ohio 43554-9637

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Central Local School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Central Local School District, Williams County, Ohio, as of June 30, 2009, and the respective changes in cash financial position, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 13, 2009

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
Unaudited**

The discussion and analysis of the financial performance of North Central School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

In total, net assets decreased \$141,275.

General revenues accounted for \$6,669,151, or 87 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,018,577, or 13 percent of total revenues of \$7,687,728.

The District's major funds included the General fund and the Bond Retirement fund.

The General fund had \$6,497,261 in revenues and other financing sources and \$6,525,380 in expenditures and other financing uses. The General fund's balance decreased \$28,119 from the prior fiscal year. The Bond Retirement fund had \$210,224 in revenues and \$270,909 in expenditures. The Bond Retirement fund's balance decreased \$60,685 from the prior fiscal year.

The revenue generated from the Bond Retirement fund is used to pay for the current portion of bonded debt.

Using the Basic Financial Statements

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

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

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

For the District, the General fund is the most significant fund. The General fund and the Bond Retirement fund are the only two major funds.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
Unaudited
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2009. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

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

In the statement of net assets, cash basis, and the statement of activities, the District discloses a single type of activity, its governmental activities, which include all of the District's programs and services, are reported here including instruction, support services, non-instructional services, and extracurricular activities. The services are primarily funded by property tax revenues and from governmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major funds are the General fund and the Bond Retirement fund.

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

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

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
Unaudited
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2009 compared to fiscal year 2008.

**Table 1
Net Assets – Cash Basis
Governmental Activities**

	2009	2008
<u>Assets:</u>		
Current and Other Assets	<u>\$2,654,095</u>	<u>\$2,795,370</u>
<u>Net Assets:</u>		
Restricted	906,086	1,019,242
Unrestricted	<u>1,748,009</u>	<u>1,776,128</u>
Total	<u>\$2,654,095</u>	<u>\$2,795,370</u>

As mentioned previously, net assets of governmental activities decreased \$141,275 or 5% during 2009. While overall revenues only increased \$106,108 (1.4%) and expenditures only increased \$36,061 (.47%), overall expenditures still exceeded overall revenues.

Table 2 reflects the changes in net assets for fiscal year 2009.

**Table 2
Change in Net Assets – Cash Basis
Governmental Activities**

	2009	2008
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$357,953	\$370,103
Operating Grants and Contributions	660,624	685,700
Total Program Revenues	<u>1,018,577</u>	<u>1,055,803</u>
General Revenues:		
Property Taxes	2,790,068	2,758,902
Grants and Entitlements	3,624,905	3,505,357
Investment Earnings	24,444	85,833
Miscellaneous	202,333	150,642
Proceeds from Sale of Capital Assets	2,500	800
Refund of Prior Year Expenditures	24,901	24,283
Total General Revenues	<u>6,669,151</u>	<u>6,525,817</u>
Total Revenues	<u>7,687,728</u>	<u>7,581,620</u>

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
Unaudited
(Continued)**

<u>Expenses:</u>		
Instruction	4,388,610	4,523,975
Support Services:		
Pupils	345,847	248,441
Instructional Staff	421,744	354,743
Board of Education	23,183	19,720
Administration	509,467	494,081
Fiscal	240,116	240,451
Business	6,564	
Operation and Maintenance of Plant	504,489	637,408
Pupil Transportation	429,935	486,568
Central	73,248	64,588
Non-Instructional Services	231,268	236,345
Extracurricular Activities	239,610	199,422
Capital Outlay	148,245	16,700
Debt Service:		
Principal	200,000	200,000
Interest and Fiscal Charges	66,000	70,500
Refund of Prior Year Receipts	677	
Total Expenses	<u>7,829,003</u>	<u>7,792,942</u>
Decrease in Net Assets	<u>(\$141,275)</u>	<u>(\$211,322)</u>

Program receipts account for 13 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 56 percent of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for 15 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 6 percent. The remaining 23 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Overall revenues increased \$106,108 (1.4%) primarily due to an increase in property taxes, grants and entitlements, and miscellaneous revenues even though investment earnings decreased. Overall expenditures only decreased \$36,061 (.47%).

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
Unaudited
(Continued)**

Governmental Activities

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

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Instruction	\$4,388,610	\$3,724,967	\$4,523,975	\$3,774,067
Support Services:				
Pupils	345,847	345,847	248,441	248,441
Instructional Staff	421,744	392,090	354,743	352,947
Board of Education	23,183	23,183	19,720	19,720
Administration	509,467	495,229	494,081	494,081
Fiscal	240,116	240,116	240,451	240,451
Business	6,564	6,564		
Operation and Maintenance of Plant	504,489	504,489	637,408	637,408
Pupil Transportation	429,935	406,333	486,568	473,784
Central	73,248	62,248	64,588	53,588
Non-Instructional	231,268	3,574	236,345	1,953
Extracurricular Activities	239,610	190,864	199,422	153,499
Capital Outlay	148,245	148,245	16,700	16,700
Debt Service:				
Principal	200,000	200,000	200,000	200,000
Interest and Fiscal Charges	66,000	66,000	70,500	70,500
Refund of Prior Year Receipts	677	677		
Total Expenses	\$7,829,003	\$6,810,426	\$7,792,942	\$6,737,139

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 84 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 87 percent. The remaining 13 percent are derived from charges for services and operating grants and contributions.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General fund and the Bond Retirement fund. Total governmental funds had revenues and other financing sources of \$7,687,728 and expenditures and other financing uses of \$7,829,003. The net change in fund balance in the General fund reflects a decrease of \$28,119. This was primarily due to an overall increase in expenditures exceeding the overall increase in revenues. The net change in fund balance in the Bond Retirement fund was a decrease of \$60,685. This was primarily attributed to debt service payments exceeding the amount of property taxes and intergovernmental revenues.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
Unaudited
(Continued)**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General fund. During the course of fiscal year 2009, the District amended its General fund budget as needed.

There were no significant variances between original and final budget amounts or the final budget and actual amounts.

Debt Administration

At June 30, 2009, the District had \$1,490,000 in school improvement general obligation bonds for building improvements. The bonds were issued in February 2004, with final maturity on December 1, 2015. The bonds are being retired through the Bond Retirement fund.

At June 30, 2009, the District's overall legal debt margin was \$5,796,541 with an un-voted debt margin of \$80,962.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The District is continuing to be conservative in its spending in the state of a declining economy and uncertainty in State funding. Pioneer is a small rural community of 1,500 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is currently operating in the second year of the state biennium budget. 41 percent of District revenue sources is from local funds, 56 percent from is state funds (foundation restricted and unrestricted and 400 funds) and the remaining 3 percent is from federal funds (500 funds). The total expenditure per pupil was calculated at \$9,667 according to the Ohio Department of Education website report card information.

In February 2005, the District passed a five-year emergency levy to address a need for additional revenue. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. The phase out of personal property tax revenue will have a significant impact on the District.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Eric Smeltzer, Treasurer, North Central Local School District, 400 East Baubice Street, Pioneer, Ohio 43554-9637.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Net Assets - Cash Basis
June 30, 2009**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>2,654,095</u>
Net Assets:	
Restricted for Debt Service	674,877
Restricted for Capital Outlay	106,556
Restricted for Other Purposes	124,653
Unrestricted	<u>1,748,009</u>
<i>Total Net Assets</i>	\$ <u><u>2,654,095</u></u>

See Accompanying Notes to the Basic Financial Statements

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2009**

	Program Revenues		Net(Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:			
Instruction:			
Regular	\$ 3,655,857	\$ 175,212	\$ 39,620
Special	558,646		428,285
Vocational	107,269		20,526
Student Intervention Services	66,838		
Support Services:			
Pupils	345,847		
Instructional Staff	421,744		29,654
Board of Education	23,183		
Administration	509,467	14,238	
Fiscal	240,116		
Business	6,564		
Operation and Maintenance of Plant	504,489		
Pupil Transportation	429,935		23,602
Central	73,248		11,000
Operation of Non-Instructional Services	231,268	119,757	107,937
Extracurricular Activities	239,610	48,746	
Capital Outlay	148,245		
Debt Service:			
Principal	200,000		
Interest and Fiscal Charges	66,000		
Refund of Prior Year Receipts	677		
Totals	\$ 7,829,003	\$ 357,953	\$ 660,624
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes			2,325,233
Property Taxes, Levied for Capital Outlay			312,430
Property Taxes, Levied for Debt Service			152,405
Grants and Entitlements not Restricted to Specific Programs			3,624,905
Investment Earnings			24,444
Miscellaneous			202,333
Proceeds from Sale of Capital Assets			2,500
Refund of Prior Year Expenditures			24,901
Total General Revenues			6,669,151
Change in Net Assets			(141,275)
Net Assets Beginning of Year			2,795,370
Net Assets End of Year			\$ 2,654,095

See Accompanying Notes to the Basic Financial Statements

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2009**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,748,009</u>	\$ <u>674,877</u>	\$ <u>234,327</u>	\$ <u>2,657,213</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	\$ 91,928	\$	\$ 35,620	\$ 127,548
Unreserved, Undesignated, Reported in:				
General Fund	1,656,081			1,656,081
Special Revenue Funds			116,646	116,646
Debt Service Funds		674,877		674,877
Capital Projects Funds			<u>78,943</u>	<u>78,943</u>
<i>Total Fund Balances</i>	\$ <u>1,748,009</u>	\$ <u>674,877</u>	\$ <u>231,209</u>	\$ <u>2,654,095</u>

See Accompanying Notes to the Basic Financial Statements

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009**

	General Fund	Bond Retirement Fund	All Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Local Taxes	\$ 2,325,233	\$ 152,405	\$ 312,430	\$ 2,790,068
Intergovernmental	3,769,773	51,832	463,924	4,285,529
Investment Earnings	17,062	5,987	1,395	24,444
Tuition and Fees	172,895		2,317	175,212
Extracurricular Activities			62,984	62,984
Customer Sales and Services			119,757	119,757
Miscellaneous	184,945		17,388	202,333
<i>Total Revenues</i>	6,469,908	210,224	980,195	7,660,327
Expenditures:				
Current:				
Instruction:				
Regular	3,523,447		132,410	3,655,857
Special	375,786		182,860	558,646
Vocational	105,951		1,318	107,269
Student Intervention Services	66,838			66,838
Support Services:				
Pupils	342,119		3,728	345,847
Instructional Staff	327,938		93,806	421,744
Board of Education	23,183			23,183
Administration	485,269		24,198	509,467
Fiscal	224,904	4,909	10,303	240,116
Business			6,564	6,564
Operation and Maintenance of Plant	477,406		27,083	504,489
Pupil Transportation	352,771		77,164	429,935
Central	52,311		20,937	73,248
Operation of Non-Instructional Services	734		230,534	231,268
Extracurricular Activities	166,529		73,081	239,610
Capital Outlay			148,245	148,245
Debt Service:				
Principal		200,000		200,000
Interest		66,000		66,000
<i>Total Expenditures</i>	6,525,186	270,909	1,032,231	7,828,326
<i>Excess of Revenues Under Expenditures</i>	(55,278)	(60,685)	(52,036)	(167,999)
Other Financing Sources and (Uses):				
Proceeds from the Sale of Capital Assets	2,500			2,500
Refund of Prior Year Expenditures	24,853		48	24,901
Refund of Prior Year Receipts	(194)		(483)	(677)
<i>Total Other Financing Sources and (Uses)</i>	27,159		(435)	26,724
<i>Net Change in Fund Balances</i>	(28,119)	(60,685)	(52,471)	(141,275)
Fund Balance at Beginning of Year	1,776,128	735,562	283,680	2,795,370
<i>Fund Balance at End of Year</i>	\$ 1,748,009	\$ 674,877	\$ 231,209	\$ 2,654,095

See Accompanying Notes to the Basic Financial Statements

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Comparison
GENERAL FUND
For the Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property and Other Local Taxes	\$ 2,144,711	\$ 2,144,711	\$ 2,325,233	\$ 180,522
Intergovernmental	3,504,817	3,507,450	3,769,773	262,323
Investment Earnings	60,000	60,000	17,062	(42,938)
Tuition and Fees	172,000	172,000	172,895	895
Rent	300	300		(300)
Miscellaneous	500,950	500,950	184,945	(316,005)
<i>Total Revenues</i>	<u>6,382,778</u>	<u>6,385,411</u>	<u>6,469,908</u>	<u>84,497</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,583,281	3,686,629	3,541,869	144,760
Special	326,203	356,102	375,786	(19,684)
Vocational	107,393	116,533	106,364	10,169
Student Intervention Services	67,294	67,294	66,838	456
Support Services:				
Pupils	261,168	317,717	344,578	(26,861)
Instructional Staff	306,937	306,937	328,832	(21,895)
Board of Education	33,376	36,518	24,244	12,274
Administration	466,359	466,359	489,590	(23,231)
Fiscal	207,738	220,370	225,479	(5,109)
Operation and Maintenance of Plant	496,408	499,440	528,487	(29,047)
Pupil Transportation	328,394	351,341	365,025	(13,684)
Central	64,869	64,869	52,311	12,558
Operation of Non-Instructional Services	950	950	734	216
Extracurricular Activities	163,560	163,560	166,977	(3,417)
<i>Total Expenditures</i>	<u>6,413,930</u>	<u>6,654,619</u>	<u>6,617,114</u>	<u>37,505</u>
<i>Excess of Expenditures Over Revenues</i>	<u>(31,152)</u>	<u>(269,208)</u>	<u>(147,206)</u>	<u>122,002</u>
Other Financing Sources and (Uses):				
Proceeds from Sale of Capital Assets			2,500	2,500
Refund of Prior Year Expenditures	30,000	30,000	24,853	(5,147)
Refund of Prior Year Receipts		(194)	(194)	
<i>Total Other Financing Sources and (Uses)</i>	<u>30,000</u>	<u>29,806</u>	<u>27,159</u>	<u>(2,647)</u>
<i>Net Change in Fund Balances</i>	<u>(1,152)</u>	<u>(239,402)</u>	<u>(120,047)</u>	<u>119,355</u>
Fund Balance at Beginning of Year	1,688,070	1,688,070	1,688,070	
Prior Year Encumbrances Appropriated	88,058	88,058	88,058	
<i>Fund Balance at End of Year</i>	<u>\$ 1,774,976</u>	<u>\$ 1,536,726</u>	<u>\$ 1,656,081</u>	<u>\$ 119,355</u>

See Accompanying Notes to the Basic Financial Statements

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
June 30, 2009**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>4,982</u>	\$ <u>50,983</u>
Liabilities:		
Undistributed Monies		\$ <u>50,983</u>
Net Assets:		
Held in Trust for Scholarships	\$ <u>4,982</u>	

See Accompanying Notes to the Basic Financial Statements

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2009**

	<u>Private Purpose Trust</u>
Additions:	
Gifts and Contributions	\$ <u>12,315</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>14,924</u>
<i>Change in Net Assets</i>	(2,609)
Net Assets Beginning of Year	<u>7,591</u>
Net Assets End of Year	<u>\$ <u>4,982</u></u>

See Accompanying Notes to the Basic Financial Statements

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

North Central Local School District (the 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. North Central Local School District is a city school district as defined by §3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 33 non-certified and 57 certified full-time teaching personnel who provide services to 658 students and other community members.

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District, and are significant in amount to the District. The District does not have any component units.

C. Jointly Governed Organizations and Purchasing Pools

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, Northwest Ohio Educational Research Council, Inc., the Northern Buckeye Education Council's Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 13 and 14 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report more detailed information about the District. The focus of governmental financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate nonmajor funds in a single column. Fiduciary funds are reported by type.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, receipts or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts or disbursements of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

B. Fund Accounting

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

1. Governmental Funds:

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The General fund and the Bond Retirement fund are the District's major governmental funds:

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

Bond Retirement Fund - The Bond Retirement fund is used to account for receipts designated to be used for debt service and related disbursements for bond principal, interest, and related costs.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The District's agency fund accounts for various student-managed activities.

C. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash-basis of accounting. This is a comprehensive basis of accounting other than generally accepted accounting principles.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within established timetable. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below these levels are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash, Cash Equivalents and Investments

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$17,062, which includes \$1,598 from the other District funds.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are paid when cash is received and principal and interest payments when paid.

K. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There are no amounts restricted by enabling legislation.

M. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The General fund encumbrances outstanding at year end (budgetary basis) amounted to \$91,928.

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to 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 or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS - (Continued)

- 6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made through eligible institutions,
- 7. The State Treasurer's investment pool (STAR Ohio); and
- 8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse purchase 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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the District had \$170 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,256,076 of the District's bank balance of \$2,714,522 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

6. LONG TERM OBLIGATIONS

Changes in long-term obligations of the District during fiscal year 2008 were as follows:

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2009</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ <u>1,690,000</u>		\$ <u>200,000</u>	\$ <u>1,490,000</u>	\$ <u>200,000</u>

Debt outstanding at June 30, 2009 consisted of General Obligation Bonds totaling \$1,490,000 (interest rate was 2.0 to 5.0 percent at June 30, 2009). The bonds were issued on February 1, 2004 and consist of current interest bonds. The current interest bonds will mature in December 2015.

Total expenditures for interest for the above debt for the period ended June 30, 2009 was \$66,000.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

6. LONG TERM OBLIGATIONS - (Continued)

The scheduled payments of principal and interest on debt outstanding at June 30, 2009 are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$200,000	\$60,750	\$260,750
2011	200,000	55,000	255,000
2012	200,000	48,000	248,000
2013	200,000	39,250	239,250
2014	200,000	29,500	229,500
2015-2016	490,000	25,500	515,500
Total	<u>\$1,490,000</u>	<u>\$258,000</u>	<u>\$1,748,000</u>

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes for 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2009 were levied after April 1, 2008, on the assessed values as of December 31, 2007, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes. Tangible personal property taxes for 2009 were levied after April 1, 2008, on the value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Williams County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

7. PROPERTY TAXES - (Continued)

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

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$64,635,560	75%	\$66,035,750	78%
Industrial/Commercial	13,073,880	15%	13,543,920	16%
Public Utility	1,990,750	2%	1,751,190	2%
Tangible Personal	7,198,490	8%	3,393,150	4%
Total Assessed Value	<u>\$86,898,680</u>	<u>100%</u>	<u>\$84,724,010</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$62.20		\$62.40	

8. RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured.

The District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool (Note 14). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on types and limits of coverage and deductibles that it selected by the participant.

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

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool (Note 14) consisting of school districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance. Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Rating Plan

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

8. RISK MANAGEMENT - (Continued)

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

9. DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org, under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$75,411, \$85,731, and \$90,435, respectively; 48 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

9. DEFINED BENEFIT PENSION PLAN - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008 (latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2009, 2008, and 2007 were \$372,053, \$373,673, and \$414,607, respectively; 80 percent had been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. POST-EMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount. For 2009, the minimum compensation level was established at \$35,800. The District's SERS surcharge amount for 2009 was \$65,647.

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

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$34,512, \$50,984, and \$37,439 respectively; 48 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009 and 2008, and were \$6,222 and \$6,177.

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. POST-EMPLOYMENT BENEFITS - (Continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$28,619, \$28,744, and \$31,893, respectively; 80 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

11. COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to administrators upon termination of employment. The Superintendent earns 20 days per year of which the 10 additional days must be used within the current contract year. Employees who are not on an eleven or twelve month contract do not earn vacation time. Employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 230 days.

12. STATUTORY RESERVES

The 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 2008	(\$107,911)		(\$107,911)
Current Year Set-Aside Requirements	105,232	\$105,232	210,464
Current Year Offsets	(120,705)	(276,941)	(397,646)
Qualifying Disbursements	(111,1553)		(111,153)
Total	<u>(\$234,537)</u>	<u>(\$171,709)</u>	<u>(\$406,246)</u>
Cash Balance Carried Forward To FY 2010	<u>(\$234,537)</u>		<u>(\$234,537)</u>

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero. The negative amounts may be used to offset future year textbook set-aside requirements, however, they may not be used to reduce capital set-aside requirements.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. All payments made by the District for services received are made to the Northern Buckeye Education Council. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA were \$39,043. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information, write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the Northwest Ohio Educational Service Centers - one each from the counties of Defiance, Fulton, Henry, and Williams and one additional representative; one representative from each of the city school districts; one representative from each of the exempted village school districts. The Four County Career Center possesses its own budgeting and taxing authority. No payments were made by the District to the Four County Career Center. Disbursements made by the District to Four County Career Center were \$500. To obtain financial information, write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS - (Continued)

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC serves twenty-five county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Total disbursements made by the District to NOERC were \$425. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

14. GROUP PURCHASING POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, life, and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the Treasurer to comply with the terms of any contract with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2009, the District contributed a total of \$535,203 for all four plans. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. NBEC Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the participating members of the WCGRP. The Executive Director of the NBEC coordinates the management and administration of the program. During fiscal year 2009 the District paid an enrollment fee of \$706 to the WCGRP to cover the costs of administering the program.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. GROUP PURCHASING POOLS - (Continued)

C. Ohio School Plan

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financials statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$3,273,989	\$2,646,185
Liabilities	1,873,157	1,621,941
Members' Equity	1,400,832	1,024,244

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

15. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

B. Litigation

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

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

16. RELATED PARTY TRANSACTIONS

The District purchases pizza for school lunches and meetings from a local company owned by the family of Shane Martin, a member of the Board of Education. Pizza purchases in 2009 amounted to \$1,826. The purchases were approved at arm's length, with full knowledge by District officials, of Mr. Martin's interest. Mr. Martin took no part in the deliberation or decision by District officials with respect to these purchases.

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Mary Taylor, CPA

Auditor of State

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

North Central Local School District
Williams County
400 East Baubice Street
Pioneer, Ohio 43554-9637

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Central Local School District, Williams County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2009, wherein, we noted the District followed the cash accounting basis rather than generally accepted accounting principles, contrary to Ohio law. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted a certain matter that we reported to the District's management in a separate letter dated November 13, 2009

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2009-001.

We also noted a certain noncompliance matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 13, 2009.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, and Board of Education. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 13, 2009

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code §117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. For 2009, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (B) – requires the District to prepare its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2009-001 in this report.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

North Central Local School District
Williams County
400 East Baubice Street
Pioneer, Ohio 43554-9637

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on October 24, 2007.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

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

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

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



Mary Taylor, CPA
Auditor of State

November 13, 2009



Mary Taylor, CPA
Auditor of State

NORTH CENTRAL LOCAL SCHOOL DISTRICT
WILLIAMS 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
DECEMBER 1, 2009