



Dave Yost • Auditor of State



**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Statement of Net Position .....	15
Statement of Activities.....	16
Balance Sheet – Governmental Funds .....	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund .....	21
Statement of Fund Net Position – Internal Service Fund.....	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Fund .....	23
Statement of Cash Flows – Internal Service Fund .....	24
Statement of Net Position – Fiduciary Funds.....	25
Statement of Changes in Net Position – Private Purpose Trust Fund.....	26
Notes to the Basic Financial Statements .....	27
Federal Awards Receipts and Expenditures Schedule.....	55
Notes to the Federal Awards Receipts and Expenditures Schedule .....	56
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	59
Schedule of Findings – OMB Circular A-133 § .505 .....	61
Independent Auditor's Report on Applying Agreed-Upon Procedure .....	63

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Noble Local School District, Noble County, Ohio, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Federal Awards Receipts and Expenditures Schedule (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 13, 2014

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**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
Unaudited

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The discussion and analysis of the Noble Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year 2013 are as follows:

- Total net position of the School District increased by \$770,012. Restricted net position increased by \$6,990. Unrestricted net position increased by \$638,194.
- General revenues accounted for \$9,918,030 in revenue or 79% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions, and interest accounted for \$2,630,598 or 21% of total revenues of \$12,548,628.
- The School District had \$11,778,616 in expenses related to governmental activities; only \$2,630,598 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$9,918,030 were adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund had revenues in the amount of \$10,441,703 and expenditures in the amount of \$9,679,445. The General Fund's balance increased in the amount of \$750,913.

**Using this Annual Financial Report**

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

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

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
Unaudited

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

*Statement of Net Position and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The School District's only fund of this type is the Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
 Unaudited

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the School District's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

**Reporting the School District's Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its scholarship program. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, and other government units. These activities are reported in an agency fund. The School District's fiduciary activities are reported in a separate Statement of Net Position and Statement of Changes in Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

Table 1  
Net Position

	Governmental Activities		
	2013	2012	Change
<b>Assets</b>			
Current and Other Assets	\$10,725,884	\$10,318,317	\$407,567
Capital Assets, Net	4,863,492	4,026,650	836,842
<i>Total Assets</i>	<u>15,589,376</u>	<u>14,344,967</u>	<u>1,244,409</u>
<b>Liabilities</b>			
Current and Other Liabilities	1,685,661	1,652,135	33,526
Long-term Liabilities	1,279,341	538,836	740,505
<i>Total Liabilities</i>	<u>2,965,002</u>	<u>2,190,971</u>	<u>774,031</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,219,014	2,518,648	(299,634)
<b>Net Position</b>			
Net Investment in Capital Assets	4,120,500	3,995,672	124,828
Restricted	357,043	350,053	6,990
Unrestricted	5,927,817	5,289,623	638,194
<i>Total Net Position</i>	<u>\$10,405,360</u>	<u>\$9,635,348</u>	<u>\$770,012</u>

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
Unaudited

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Total assets of governmental activities increased \$1,244,409. Current assets increased by \$407,567 and capital assets increased by \$836,842. Current assets increased primarily due to an increase in cash and cash equivalents of \$136,790 and an increase in property taxes receivable of \$323,021. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely. The increase in property taxes receivable was primarily due to a decrease in uncollectable delinquent taxes. The increase in capital assets is mainly due to the School District completing their HB 264 project, a roofing project, and a window replacement project in fiscal year 2013.

Total liabilities increased \$774,031. Other liabilities increased \$33,526 primarily due to an increase in claims payable of \$65,476. The table reflects an increase in long-term liabilities of \$740,505. This is primarily due to the School District issuing \$720,000 in bonds during fiscal year 2013.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013, and comparisons to fiscal year 2012.

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
 Unaudited

Table 2  
 Changes in Net Position

	Governmental Activities		
	2013	2012	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,094,922	\$1,039,842	\$55,080
Operating Grants, Contributions and Interest	1,535,676	1,703,679	(168,003)
Total Program Revenues	<u>2,630,598</u>	<u>2,743,521</u>	<u>(112,923)</u>
General Revenues:			
Property Taxes	4,344,265	4,782,933	(438,668)
Grants and Entitlements	5,497,963	5,636,001	(138,038)
Investment Earnings	30,473	33,944	(3,471)
Gifts and Donations	2,948	1,085	1,863
Rent	0	234,040	(234,040)
Miscellaneous	42,381	38,144	4,237
Total General Revenues	<u>9,918,030</u>	<u>10,726,147</u>	<u>(808,117)</u>
Total Revenues	<u>12,548,628</u>	<u>13,469,668</u>	<u>(921,040)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	4,669,445	4,356,770	(312,675)
Special	1,120,201	1,114,863	(5,338)
Vocational	331,880	345,863	13,983
Support Services:			
Pupils	465,325	426,393	(38,932)
Instructional Staff	459,525	398,223	(61,302)
Board of Education	61,946	66,524	4,578
Administration	1,347,513	1,258,257	(89,256)
Fiscal	436,953	408,375	(28,578)
Business	19,904	18,442	(1,462)
Operation and Maintenance of Plant	926,584	877,882	(48,702)
Pupil Transportation	1,097,536	974,838	(122,698)
Central	8,033	9,009	976
Operation of Non-Instructional Services:			
Other	1,733	291	(1,442)
Food Service Operations	596,185	546,312	(49,873)
Extracurricular Activities	217,733	226,009	8,276
Interest and Fiscal Charges	18,120	3,964	(14,156)
Total Expenses	<u>11,778,616</u>	<u>11,032,015</u>	<u>(746,601)</u>
Change in Net Position	770,012	2,437,653	(1,667,641)
Net Position Beginning of Year	9,635,348	7,197,695	2,437,653
Net Position End of Year	<u>\$10,405,360</u>	<u>\$9,635,348</u>	<u>\$770,012</u>

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
 Unaudited

Most federal program awards remained consistent with 2012 funding levels. Approximately 55% of the School District's general revenues are received from the State due to the depressed economic condition of the area.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property valuation increases, thus generating about the same revenue. Lastly, property taxes made up approximately 44% of general revenues for governmental activities for the School District in fiscal year 2013.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
<b>Program Expenses</b>				
Instruction:				
Regular	\$4,669,445	\$3,720,353	\$4,356,770	\$3,297,691
Special	1,120,201	704,357	1,114,863	708,710
Vocational	331,880	243,539	345,863	257,522
Support Services:				
Pupils	465,325	441,608	426,393	381,686
Instructional Staff	459,525	180,257	398,223	176,992
Board of Education	61,946	61,946	66,524	66,524
Administration	1,347,513	1,125,561	1,258,257	1,030,629
Fiscal	436,953	431,302	408,375	407,286
Business	19,904	19,904	18,442	18,442
Operation and Maintenance of Plant	926,584	926,274	877,882	877,637
Pupil Transportation	1,097,536	1,066,431	974,838	911,137
Central	8,033	2,589	9,009	4,585
Operation of Non-Instructional Services:				
Other	1,733	1,733	291	291
Food Service Operations	596,185	87,993	546,312	16,107
Extracurricular Activities	217,733	116,051	226,009	129,291
Interest and Fiscal Charges	18,120	18,120	3,964	3,964
<b>Total</b>	<b>\$11,778,616</b>	<b>\$9,148,018</b>	<b>\$11,032,015</b>	<b>\$8,288,494</b>

The dependence upon tax revenues and State subsidies for governmental activities is apparent. 78% of program expenses are supported through taxes and other general revenues.

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
 Unaudited

**The School District Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,233,350 and expenditures of \$12,400,783. The School District continued to focus its efforts to monitor expenditures, with modest increases in supply and purchased services budgets, as well as maintaining current personnel staffing levels.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2013, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$10,248,416. This is \$28,814 below final estimates of \$10,277,230. This is mainly due to the result of overestimating intergovernmental revenues. Final estimated revenues were above original estimates of \$9,743,022 due to conservative estimates of intergovernmental revenues, property taxes, and tuition and fees. Final expenditures of \$9,855,311 were \$388,512 below the final appropriations of \$10,243,823. Original appropriations were decreased \$4,626.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the School District had \$4,863,492 invested in land and land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2013 balances compared to 2012.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2013	2012
Land	\$20,925	\$20,925
Construction in Progress	0	46,763
Buildings and Improvements	4,237,832	3,445,010
Furniture and Equipment	161,696	164,367
Vehicles	443,039	349,585
Totals	\$4,863,492	\$4,026,650

**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
 Unaudited

During fiscal year 2013, the School District's building and improvements increased \$792,822. This is primarily attributable to the HB 264 energy conservation project, the roof projects, and the high school window replacement project. The School District continued to limit the amount of other capital asset acquisitions. See Note 10 to the basic financial statements for more information on capital assets.

**Debt**

During fiscal year 2013, the School District had the following changes in long-term obligations:

	Principal Outstanding 6/30/12	Additions	Deductions	Principal Outstanding 6/30/13	Amounts Due within One Year
2012 Energy Conservation Improvement Bonds:					
Term Bonds - 1.00% - 2.70%	\$0	\$705,000	\$0	\$705,000	\$45,000
Premium on Bonds	0	23,655	1,448	22,207	0
Original Issue of Capital Appreciation Bonds - 27.29061%	0	15,000	0	15,000	0
Accretion on Capital Appreciation Bonds	0	3,406	0	3,406	0
Total Bonds	<u>0</u>	<u>747,061</u>	<u>1,448</u>	<u>745,613</u>	<u>45,000</u>
Capital Leases Payable	<u>30,978</u>	<u>0</u>	<u>7,986</u>	<u>22,992</u>	<u>8,246</u>
Totals	<u>\$30,978</u>	<u>\$747,061</u>	<u>\$9,434</u>	<u>\$768,605</u>	<u>\$53,246</u>

See Notes 16 and 17 to the basic financial statements for more information on debt.

**Current Issues**

In each of the past seven years (except 2010), the School District's revenues have exceeded expenditures, primarily due to the significant personnel and budget cuts enacted in 2005. However, the School District's current five-year forecast projects expenditures to begin exceeding revenues in fiscal year 2015. The primary reason for this deficit spending is a continued decrease in overall student enrollment despite increases in open enrollment. This prevents any increases in state foundation funding, which accounts for nearly two-thirds of revenues. Additionally, insurance benefits are predicted to increase 8% each year based on industry trends.

A levy was placed on the November, 2010, ballot for renovations to the elementary school, new construction of a high school, and operations within the School District. The levy failed.



**Noble Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
Unaudited

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In July, 2012, the Board of Education's request for participation in the State Credit Enhancement Program created under Ohio Revised Code Section 3317.18 was approved by the Ohio Department of Education. The School District issued \$719,999.85 in energy conservation improvement bonds, dated August 15, 2012, for the purpose of upgrading inefficient systems and reducing energy and operating costs at both the high school complex and the middle/elementary school complex.

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

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

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Trenda Rice, Treasurer/CFO at Noble Local School District, 20977 Zep Road East, Sarahsville, Ohio 43779-9702.

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**Noble Local School District, Ohio**

*Statement of Net Position*

*June 30, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,334,448
Cash and Cash Equivalents with Fiscal Agent	2,205,157
Inventory Held for Resale	6,189
Materials and Supplies Inventory	24,402
Accrued Interest Receivable	153
Intergovernmental Receivable	583,890
Prepaid Items	29,479
Accounts Receivable	29,782
Property Taxes Receivable	4,512,384
Nondepreciable Capital Assets	20,925
Depreciable Capital Assets, Net	<u>4,842,567</u>
<i>Total Assets</i>	<u>15,589,376</u>
<b>Liabilities</b>	
Accounts Payable	111,184
Accrued Wages and Benefits Payable	978,818
Contracts Payable	10,159
Matured Compensated Absences Payable	3,765
Intergovernmental Payable	306,167
Accrued Interest Payable	1,199
Vacation Benefits Payable	44,732
Claims Payable	229,637
Long-Term Liabilities:	
Due Within One Year	110,444
Due In More Than One Year	<u>1,168,897</u>
<i>Total Liabilities</i>	<u>2,965,002</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>2,219,014</u>
<b>Net Position</b>	
Net Investment in Capital Assets	4,120,500
Restricted for:	
Unclaimed Monies	379
State Programs	2,113
Federal Programs	315,606
Capital Outlay	23,478
Other Purposes	15,467
Unrestricted	<u>5,927,817</u>
<i>Total Net Position</i>	<u><u>\$10,405,360</u></u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	
<b>Governmental Activities</b>				
Instruction:				
Regular	\$4,669,445	\$817,544	\$131,548	(\$3,720,353)
Special	1,120,201	0	415,844	(704,357)
Vocational	331,880	0	88,341	(243,539)
Support Services:				
Pupils	465,325	0	23,717	(441,608)
Instructional Staff	459,525	0	279,268	(180,257)
Board of Education	61,946	0	0	(61,946)
Administration	1,347,513	0	221,952	(1,125,561)
Fiscal	436,953	0	5,651	(431,302)
Business	19,904	0	0	(19,904)
Operation and Maintenance of Plant	926,584	310	0	(926,274)
Pupil Transportation	1,097,536	0	31,105	(1,066,431)
Central	8,033	0	5,444	(2,589)
Operation of Non-Instructional Services:				
Other	1,733	0	0	(1,733)
Food Service Operations	596,185	183,047	325,145	(87,993)
Extracurricular Activities	217,733	94,021	7,661	(116,051)
Interest and Fiscal Charges	18,120	0	0	(18,120)
<b>Totals</b>	<b>\$11,778,616</b>	<b>\$1,094,922</b>	<b>\$1,535,676</b>	<b>(9,148,018)</b>
<b>General Revenues</b>				
Property Taxes Levied for General Purposes				4,344,265
Grants and Entitlements not Restricted to Specific Programs				5,497,963
Investment Earnings				30,473
Gifts and Donations				2,948
Miscellaneous				42,381
<b>Total General Revenues</b>				<b>9,918,030</b>
<b>Change in Net Position</b>				<b>770,012</b>
<b>Net Position Beginning of Year</b>				<b>9,635,348</b>
<b>Net Position End of Year</b>				<b>\$10,405,360</b>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2013*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,263,511	\$70,558	\$3,334,069
Receivables:			
Property Taxes	4,512,384	0	4,512,384
Accrued Interest	153	0	153
Accounts	29,458	324	29,782
Intergovernmental	17,431	566,459	583,890
Interfund	136,941	0	136,941
Prepaid Items	29,479	0	29,479
Inventory Held for Resale	0	6,189	6,189
Materials and Supplies Inventory	24,184	218	24,402
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	379	0	379
<i>Total Assets</i>	<u>\$8,013,920</u>	<u>\$643,748</u>	<u>\$8,657,668</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$95,705	\$15,479	\$111,184
Accrued Wages and Benefits Payable	856,673	122,145	978,818
Contracts Payable	0	10,159	10,159
Matured Compensated Absences Payable	3,765	0	3,765
Interfund Payable	0	136,941	136,941
Intergovernmental Payable	279,887	26,280	306,167
<i>Total Liabilities</i>	<u>1,236,030</u>	<u>311,004</u>	<u>1,547,034</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,219,014	0	2,219,014
Unavailable Revenue	1,121,359	336,720	1,458,079
<i>Total Deferred Inflows of Resources</i>	<u>3,340,373</u>	<u>336,720</u>	<u>3,677,093</u>
<b>Fund Balances</b>			
Nonspendable	54,042	218	54,260
Restricted	0	41,058	41,058
Assigned	1,408,462	1,072	1,409,534
Unassigned	1,975,013	(46,324)	1,928,689
<i>Total Fund Balance</i>	<u>3,437,517</u>	<u>(3,976)</u>	<u>3,433,541</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,013,920</u>	<u>\$643,748</u>	<u>\$8,657,668</u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2013*

<b>Total Governmental Fund Balances</b>		<b>\$3,433,541</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,863,492
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Delinquent Property Taxes	1,095,683	
Grants	336,720	
Tuition and Fees	25,676	1,458,079
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net position.		1,975,520
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.		(1,199)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(44,732)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Lease Payable	(22,992)	
Bonds Payable	(745,613)	
Sick Leave Benefits Payable	(510,736)	(1,279,341)
<b>Net Position of Governmental Activities</b>		<b>\$10,405,360</b>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
For the Fiscal Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$3,937,945	\$0	\$3,937,945
Intergovernmental	5,612,469	1,528,412	7,140,881
Investment Earnings	11,769	356	12,125
Charges for Services	0	183,047	183,047
Tuition and Fees	812,031	0	812,031
Extracurricular Activities	27,759	66,262	94,021
Rent	310	0	310
Gifts and Donations	6,859	3,750	10,609
Miscellaneous	32,561	9,820	42,381
<i>Total Revenues</i>	<u>10,441,703</u>	<u>1,791,647</u>	<u>12,233,350</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,344,730	128,049	4,472,779
Special	681,636	400,040	1,081,676
Vocational	327,385	0	327,385
Support Services:			
Pupils	440,030	20,195	460,225
Instructional Staff	189,353	252,895	442,248
Board of Education	60,946	1,000	61,946
Administration	1,116,640	207,703	1,324,343
Fiscal	426,539	5,095	431,634
Business	19,904	0	19,904
Operation and Maintenance of Plant	829,323	0	829,323
Pupil Transportation	1,059,443	85,250	1,144,693
Central	2,796	5,237	8,033
Operation of Non-Instructional Services	2,109	548,886	550,995
Extracurricular Activities	134,500	85,028	219,528
Capital Outlay	0	981,960	981,960
Debt Service:			
Principal Retirement	7,986	0	7,986
Interest and Fiscal Charges	14,963	0	14,963
Bond Issuance Costs	21,162	0	21,162
<i>Total Expenditures</i>	<u>9,679,445</u>	<u>2,721,338</u>	<u>12,400,783</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>762,258</u>	<u>(929,691)</u>	<u>(167,433)</u>
<b>Other Financing Source (Use)</b>			
General Obligation Bonds Issued	0	720,000	720,000
Premium on Bonds Issued	23,655	0	23,655
Transfers In	0	35,000	35,000
Transfers Out	(35,000)	0	(35,000)
<i>Total Other Financing Source (Use)</i>	<u>(11,345)</u>	<u>755,000</u>	<u>743,655</u>
<i>Net Change in Fund Balance</i>	750,913	(174,691)	576,222
<i>Fund Balances Beginning of Year</i>	<u>2,686,604</u>	<u>170,715</u>	<u>2,857,319</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,437,517</u></u>	<u><u>(\$3,976)</u></u>	<u><u>\$3,433,541</u></u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$576,222
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays:		
Capital Asset Additions	1,093,161	
Depreciation Expense	<u>(256,319)</u>	836,842
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	406,320	
Grants	(114,912)	
Tuition and Fees	<u>5,513</u>	296,921
Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases long-term liabilities on the statement of net position:		
Proceeds of Bonds	(720,000)	
Bond Premium	<u>(23,655)</u>	(743,655)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Capital Leases		7,986
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:		
Bond Premiums	1,448	
Annual Accretion	(3,406)	
Interest Payable	<u>(1,199)</u>	(3,157)
Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Vacation Benefits Payable	4,348	
Sick Leave Benefits Payable	<u>(2,878)</u>	1,470
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(202,617)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$770,012</u></u>

See accompanying notes to the basic financial statements



**Noble Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes	\$3,430,988	\$3,618,396	\$3,721,610	\$103,214
Intergovernmental	5,473,149	5,772,104	5,643,597	(128,507)
Investment Earnings	14,223	15,000	11,616	(3,384)
Tuition and Fees	774,670	816,984	813,864	(3,120)
Extracurricular Activities	26,032	27,348	27,550	202
Rent	474	500	360	(140)
Gifts and Donations	2,845	6,911	6,859	(52)
Miscellaneous	20,641	19,987	22,960	2,973
<i>Total Revenues</i>	<u>9,743,022</u>	<u>10,277,230</u>	<u>10,248,416</u>	<u>(28,814)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,367,243	4,364,147	4,346,789	17,358
Special	750,452	749,920	672,854	77,066
Vocational	337,864	337,625	349,806	(12,181)
Support Services:				
Pupils	477,391	477,053	445,983	31,070
Instructional Staff	230,782	230,618	218,769	11,849
Board of Education	89,004	88,941	74,496	14,445
Administration	1,136,140	1,135,335	1,117,591	17,744
Fiscal	451,580	451,260	432,603	18,657
Business	20,538	20,523	19,904	619
Operation and Maintenance of Plant	979,362	978,668	855,075	123,593
Pupil Transportation	1,231,735	1,230,862	1,149,222	81,640
Central	4,677	4,674	4,000	674
Operation of Non-Instructional Services	2,612	2,610	1,733	877
Extracurricular Activities	135,883	138,425	133,787	4,638
Debt Service:				
Interest and Fiscal Charges	12,009	12,000	11,537	463
Issuance Costs	21,177	21,162	21,162	0
<i>Total Expenditures</i>	<u>10,248,449</u>	<u>10,243,823</u>	<u>9,855,311</u>	<u>388,512</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(505,427)</u>	<u>33,407</u>	<u>393,105</u>	<u>359,698</u>
<b>Other Financing Source (Uses)</b>				
Premium on Bonds Issued	22,439	23,665	23,655	(10)
Refund of Prior Year Expenditures	13,086	13,801	13,590	(211)
Refund of Prior Year Receipts	(22)	(22)	(22)	0
Transfers Out	(35,025)	(35,000)	(35,000)	0
<i>Total Other Financing Source (Uses)</i>	<u>478</u>	<u>2,444</u>	<u>2,223</u>	<u>(221)</u>
<i>Net Change in Fund Balance</i>	(504,949)	35,851	395,328	359,477
<i>Fund Balance Beginning of Year</i>	2,718,709	2,718,709	2,718,709	0
Prior Year Encumbrances Appropriated	40,535	40,535	40,535	0
<i>Fund Balance End of Year</i>	<u>\$2,254,295</u>	<u>\$2,795,095</u>	<u>\$3,154,572</u>	<u>\$359,477</u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Fund Net Position*  
*Internal Service Fund*  
*June 30, 2013*

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	<u>Medical, Dental, and Vision Self-Insurance</u>
<b>Current Assets</b>	
Cash and Cash Equivalents with Fiscal Agent	\$2,205,157
<b>Current Liabilities</b>	
Claims Payable	<u>229,637</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$1,975,520</u></u>

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2013*

	Medical, Dental, and Vision Self-Insurance
<b>Operating Revenues</b>	
Charges for Services	\$2,181,269
<b>Operating Expenses</b>	
Purchased Services	477,249
Claims	1,924,994
<i>Total Operating Expenses</i>	2,402,243
<i>Operating Loss</i>	(220,974)
<b>Non-Operating Revenues:</b>	
Interest	18,357
<i>Change in Net Position</i>	(202,617)
<i>Net Position Beginning of Year</i>	2,178,137
<i>Net Position End of Year</i>	\$1,975,520

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2013

	Medical, Dental, and Vision Self-Insurance
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Transactions with Other Funds	\$2,181,269
Cash Payments to Suppliers for Services	(477,249)
Cash Payments for Claims	(1,859,518)
<i>Net Cash Used for Operating Activities</i>	(155,498)
<b>Cash Flows from Investing Activities:</b>	
Interest	18,357
Net Decrease in Cash and Cash Equivalents	(137,141)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,342,298
<i>Cash and Cash Equivalents End of Year</i>	\$2,205,157
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$220,974)
<b>Changes in Liabilities</b>	
Increase in Claims Payable	65,476
<i>Net Cash Used for Operating Activities</i>	(\$155,498)
See accompanying notes to the basic financial statements	

**Noble Local School District, Ohio**

*Statement of Net Position*

*Fiduciary Funds*

*June 30, 2013*

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	Private Purpose Trust	Agency
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$34,104	\$27,242
	<u>          </u>	<u>          </u>
<b>Liabilities</b>		
Due to Students	0	\$27,242
	<u>          </u>	<u>          </u>
<b>Net Position</b>		
Held in Trust for Scholarships	34,104	
	<u>          </u>	
Total Net Position	\$34,104	
	<u>          </u>	

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Statement of Changes in Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Private Purpose Trust
	Scholarships
<b>Additions</b>	
Interest	\$192
<b>Deductions</b>	
Scholarships	110
<i>Change in Net Position</i>	82
<i>Net Position Beginning of Year</i>	34,022
<i>Net Position End of Year</i>	\$34,104

See accompanying notes to the basic financial statements

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 47 classified employees and 73 certified full time teaching personnel who provide services to 965 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 ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), the Mid-East Career and Technology Center, the Coalition of Rural and Appalachian Schools, and the Ohio Coalition for Equity and Adequacy of School Funding, which are defined as jointly governed organizations; the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool; and the Jefferson Health Plan Self-Insurance Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, which is defined as a claims servicing pool. These organizations are presented in Notes 19, 20, and 21 to the basic financial statements.

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

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

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***A. Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements***

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

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

***Fund Financial Statements***

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

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The School District classifies each fund as either governmental, proprietary, or fiduciary.



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***Governmental Fund Types:***

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

***General Fund*** - The General Fund accounts for and reports 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 and transferred to the general laws of Ohio.

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

***Proprietary Fund Type:***

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District's only proprietary fund type is an Internal Service Fund.

***Internal Service Fund*** - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operations of the self-insurance program for employee medical, dental, and vision claims.

***Fiduciary Fund Types:***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students. The School District's agency fund accounts for student activities and assets held by the School District as an agent for outside activities

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

***Government-wide Financial Statements***

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities accounts for increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***Fund Financial Statements***

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

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

The private purpose trust fund is reported using the economic resources measurement focus.

***D. Basis of Accounting***

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

***Revenues - Exchange and Non-Exchange Transactions***

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, student fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

***Expenses/Expenditures***

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

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

***E. Budgetary Process***

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations to the function and object level.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

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

***F. Cash and Cash Equivalents***

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

The School District utilizes OME-RESA to account for the self-insurance internal service fund. This interest bearing depository account is presented in the financial statements as “cash and cash equivalents with fiscal agent” and represents deposits.

During fiscal year 2013, the School District’s investments were limited to certificates of deposit, which are reported at cost.

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 2013 amounted to \$11,769, which includes \$5,544 assigned from other School District funds.

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

***G. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption and donated and purchased food held for resale.

***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2013, 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, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***I. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

***J. Restricted Assets***

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

***K. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as “matured compensated absences payable” in the fund from which the employees who will receive the payment are paid.

***L. Bond Premium***

On government-wide financial statement, bond premiums are amortized over the term of the bonds using the straight-line method, which approximates effective interest method. Bond premiums are presented as an addition of the face amount of the bonds. On the governmental fund statements, bond premiums are recorded in the fiscal year the bonds are issued.

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

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

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

***N. Internal Activity***

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities.

Payments for interfund services provided and used are not eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***O. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

***Nonspendable:*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Restricted:** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education.

**Unassigned:** The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

***P. Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for athletic and music programs and scholarships restricted for specified purposes.

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

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***Q. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

***R. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

***S. Estimates***

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

**Note 3 - Change in Accounting Principles**

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements;" Statement No. 61, "The Financial Reporting Entity: Omnibus;" Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements;" Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position;" Statement No. 65, "Items Previously Reported as Assets and Liabilities;" and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

**Note 4 - Fund Balances**

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

Fund Balances	General Fund	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$29,479	\$0	\$29,479
Unclaimed Monies	379	0	379
Materials and Supplies Inventory	24,184	218	24,402
<i>Total Nonspendable</i>	<u>54,042</u>	<u>218</u>	<u>54,260</u>
Restricted for:			
Local Grant Expenditures	0	2,113	2,113
Capital Improvements	0	23,478	23,478
Scholarships	0	7,673	7,673
Athletic Programs	0	7,794	7,794
<i>Total Restricted</i>	<u>0</u>	<u>41,058</u>	<u>41,058</u>
Assigned to:			
Capital Improvements	0	1,072	1,072
Encumbrances	169,523	0	169,523
Other Purposes	11,493	0	11,493
Fiscal Year 2014 Appropriations	1,227,446	0	1,227,446
<i>Total Assigned</i>	<u>1,408,462</u>	<u>1,072</u>	<u>1,409,534</u>
Unassigned:	1,975,013	(46,324)	1,928,689
<i>Total Fund Balances</i>	<u><u>\$3,437,517</u></u>	<u><u>(\$3,976)</u></u>	<u><u>\$3,433,541</u></u>

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 5 - Fund Deficits**

The following funds had deficit fund balances as of June 30, 2013:

	<u>Deficit Fund Balances</u>
<b>Special Revenue Funds:</b>	
Food Service	\$24,992
Race to the Top	1,671
Miscellaneous Federal Grants	19,443
	<u>\$46,106</u>

The deficits in the Special Revenue Funds are the result of over-expended grant resources and accrued liabilities. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

**Note 6 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

Net Change in Fund Balance

GAAP Basis	\$750,913
Revenue Accruals	(179,697)
Expenditure Accruals	(70,134)
Prepaid:	
Beginning of Fiscal Year	33,043
End of Fiscal Year	(29,479)
Advances	136,941
Encumbrances	<u>(246,259)</u>
Budget Basis	<u><u>\$395,328</u></u>

**Note 7 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

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

At June 30, 2013, the School District's internal service fund had a cash balance of \$2,205,157 with Jefferson Health Plan Self-Insurance Plan, a claims servicing pool (see Note 21). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and, therefore, cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$2,970,611 of the School District's bank balance of \$3,720,611 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

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

**Investments** As of June 30, 2013, the School District had no investments.

## **Note 8 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First-half tax 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.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Guernsey, Monroe, and Noble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility taxes which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2013, was \$1,197,687 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 2012, was \$981,352 in the General Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$98,009,280	60.42%	\$99,630,050	62.60%
Commerical/Industrial and Public Utility Real	4,846,900	2.99%	4,188,400	2.63%
Public Utility Personal	59,358,330	36.59%	55,331,000	34.77%
	<u>\$162,214,510</u>	<u>100.00%</u>	<u>\$159,149,450</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$30.50		\$30.50

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 9 - Receivables**

Receivables at June 30, 2013, consisted of property taxes, accounts (billings for user charged services and student tuition and fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Title I	\$186,370
Ohio Teacher Incentive Grants	139,899
Race to the Top Grants	111,599
Part B - Idea	67,343
Title II-A	53,248
Ohio Bureau of Workers' Compensation	12,126
Title VI-B, Rural and Low Income	6,625
Summer Youth Employment	3,713
Fuel Tax Refund	2,309
Medicaid Reimbursement	<u>658</u>
Total	<u><u>\$583,890</u></u>

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$20,925	\$0	\$0	\$20,925
Construction in Progress	46,763	93,526	(140,289)	0
Total Capital Assets not being Depreciated	<u>67,688</u>	<u>93,526</u>	<u>(140,289)</u>	<u>20,925</u>
Depreciable Capital Assets:				
Land Improvements	782,281	0	0	782,281
Buildings and Improvements	7,896,072	948,864	0	8,844,936
Furniture and Equipment	818,211	16,338	(6,849)	827,700
Vehicles	1,412,127	174,722	(106,672)	1,480,177
Total Capital Assets being Depreciated	<u>10,908,691</u>	<u>1,139,924</u>	<u>(113,521)</u>	<u>11,935,094</u>
Less Accumulated Depreciation				
Land Improvements	(782,281)	0	0	(782,281)
Buildings and Improvements	(4,451,062)	(156,042)	0	(4,607,104)
Furniture and Equipment	(653,844)	(19,009)	6,849	(666,004)
Vehicles	(1,062,542)	(81,268)	106,672	(1,037,138)
Total Accumulated Depreciation	<u>(6,949,729)</u>	<u>(256,319) *</u>	<u>113,521</u>	<u>(7,092,527)</u>
Total Capital Assets being Depreciated, Net	<u>3,958,962</u>	<u>883,605</u>	<u>0</u>	<u>4,842,567</u>
Capital Assets, Net	<u>\$4,026,650</u>	<u>\$977,131</u>	<u>(\$140,289)</u>	<u>\$4,863,492</u>

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

Instruction:	
Regular	\$81,684
Special	22,526
Vocational	4,503
Support Services:	
Pupils	6,416
Instructional Staff	8,855
Administration	18,276
Fiscal	1,405
Operation and Maintenance of Plant	13,098
Pupil Transportation	80,087
Food Service Operations	17,882
Extracurricular Activities	1,587
Total Depreciation Expense	<u>\$256,319</u>

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 11 - Significant Commitments**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$246,259
Nonmajor Funds	<u>67,518</u>
Total	<u><u>\$313,777</u></u>

**Note 12 - Risk Management**

**A. Property and Liability**

The School District was 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 2013, the School District contracted with Ohio Casualty Insurance for the following commercial coverage:

- Property and equipment;
- Crime;
- Inland marine;
- General liability, benefits liability, stop gap liability, school leaders errors and omissions liability, sexual misconduct and molestation liability, and law enforcement liability; and
- Business auto and terrorism risk.

Blanket property coverage for fiscal year 2013 was in the amount of \$35,739,659. The deductible was \$2,500. Crime coverage had a limit of \$10,000 per loss and a \$500 deductible. Inland marine coverage had limits of \$50,000 - \$187,000 and a \$1,000 deductible. General liability coverage included a \$1,000,000 each occurrence limit and a \$2,000,000 aggregate limit and no deductible. Business auto coverage included liability, medical payments, uninsured motorists, underinsured motorists, comprehensive and collision. Auto liability had a \$1,000,000 combined single limit of liability and no deductible while the deductibles for comprehensive and collision were each \$500 and \$1,000.

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 2013, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**C. Employee Benefits**

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$229,637 reported in the internal service fund at June 30, 2013, is based on an estimate by Jefferson Health Plan and the application of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for 2012 and 2013 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2012	\$146,379	\$1,384,826	\$1,367,044	\$164,161
2013	164,161	1,924,994	1,859,518	229,637

**Note 13 - Defined Benefit Pension Plans**

**A. School Employees Retirement System**

**Plan Description** – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$156,522, \$131,824 and \$124,567, respectively. For fiscal year 2013, 63.80 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$471,010 and \$8,663 for the fiscal year ended June 30, 2013, \$541,642 and \$4,472 for the fiscal year ended June 30, 2012, and \$505,749 and \$502 for the fiscal year ended June 30, 2011. For fiscal year 2013, 82.74 percent has been contributed for the DB plan and 82.74 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2013 were \$7,723 made by the School District and \$5,517 made by the plan members. In addition, member contributions of \$6,188 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***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 Employees Retirement System. As of June 30, 2013, there are no employees who have elected Social Security.

**Note 14 - Postemployment Benefits**

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

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment 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, Medicare Advantage, 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525.

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011, were \$21,081, \$17,415, and \$41,629, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$8,691, \$7,358, and \$8,500 respectively. For fiscal year 2013, 63.17 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**B. State Teachers Retirement System**

Plan Description – The School District participates in 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$37,492, \$42,466, and \$39,320 respectively. For fiscal year 2013, 82.74 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**Note 15 - Other Employee Benefits**

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

All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 245 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 61.25 days for both certified and classified employees. For all days remaining beyond the maximum, classified employees are paid \$12 per day.

**Note 16 - Capital Leases**

In the prior fiscal year, the School District entered into an agreement to lease copiers. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures in the financial statements for the Governmental Funds for \$7,986. The capital lease obligation represents the present value of the net future minimum lease payments on the capital lease.

	Governmental Activities
Furniture and Equipment	\$42,267
Less Accumulated Depreciation	(18,492)
Total June 30, 2013	\$23,775

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013.

Fiscal Year Ending	Amount
2014	\$10,461
2015	11,412
2016	4,745
Total	26,618
Less: Amount	
Representing Interest	(3,626)
Present Value of Net	
Minimum Lease Payments	\$22,992

**Note 17 - Long-Term Obligations**

Changes in general long-term obligations of the School District during fiscal year 2013 were as follows:

	Principal Outstanding 6/30/12	Additions	Deductions	Principal Outstanding 6/30/13	Amounts Due within One Year
2012 Energy Conservation Improvement Bonds:					
Term Bonds - 1.00% - 2.70%	\$0	\$705,000	\$0	\$705,000	\$45,000
Premium on Bonds	0	23,655	1,448	22,207	0
Original Issue of Capital Appreciation Bonds - 27.29061%	0	15,000	0	15,000	0
Accretion on Capital Appreciation Bonds	0	3,406	0	3,406	0
Total Bonds	0	747,061	1,448	745,613	45,000
Capital Leases Payable	30,978	0	7,986	22,992	8,246
Sick Leave Benefits Payable	507,858	45,018	42,140	510,736	57,198
Total Long-Term Obligations	\$538,836	\$792,079	\$51,574	\$1,279,341	\$110,444

The capital lease will be paid from the General Fund. Sick leave benefits will be paid from the General Fund and Food Service Special Revenue Fund.

On August 15, 2012, the School District issued \$720,000 in unvoted energy conservation improvement bonds. The bond issue included term and capital appreciation bonds, in the amount of \$705,000 and \$15,000, respectively. The bonds were issued for a 15 year period with final maturity at December 1, 2027. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements.

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

The capital appreciation bonds will mature in fiscal year 2017. The maturity amount of the bonds is \$45,000. For the fiscal year 2013, \$3,406 was accreted for a total bond value of \$18,406.

The current interest term bonds due December 1, 2015, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Date</u>	<u>Principal Amount To Be Redeemed</u>
2013	\$45,000
2014	45,000

The remaining principal amount of such current interest term bonds (\$45,000) will be paid at stated maturity on December 1, 2015.

The current interest term bonds due December 1, 2019, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Date</u>	<u>Principal Amount To Be Redeemed</u>
2017	\$45,000
2018	50,000

The remaining principal amount of such current interest term bonds (\$50,000) will be paid at stated maturity on December 1, 2019.

The current interest term bonds due December 1, 2022, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Date</u>	<u>Principal Amount To Be Redeemed</u>
2020	\$50,000
2021	50,000

The remaining principal amount of such current interest term bonds (\$50,000) will be paid at stated maturity on December 1, 2022.

The current interest term bonds due December 1, 2027, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

Date	Principal Amount To Be Redeemed
2023	\$50,000
2024	55,000
2025	55,000
2026	55,000

The remaining principal amount of such current interest term bonds (\$60,000) will be paid at stated maturity on December 1, 2027.

The current interest term bonds maturing on December 1, 2022, and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as the School District shall determine, and by lot within a maturity, at the option of the School District on or after December 1, 2019, at par, which is 100% of the face value of the Current Interest Bonds.

Principal and interest requirements to retire the bonds outstanding at June 30, 2013, were as follows:

Fiscal Year Ending	Term Bonds		Capital Appreciation	
	Principal	Interest	Principal	Interest
2014	\$45,000	\$14,160	\$0	\$0
2015	45,000	13,710	0	0
2016	45,000	13,260	0	0
2017	0	13,035	15,000	30,000
2018	45,000	12,630	0	0
2019-2023	250,000	49,425	0	0
2024-2028	275,000	19,102	0	0
Total	\$705,000	\$135,322	\$15,000	\$30,000

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

The School District's overall legal debt margin at June 30, 2013, was \$14,323,451, with an unvoted debt margin of \$159,149.

**Note 18 - Interfund Activity**

**A. Transfers**

The General Fund transferred \$35,000 to the Permanent Improvement Capital Projects Fund during fiscal year 2013. The transfer was for various construction projects for the School District.

**B. Interfund Balances**

Unpaid interfund cash advances at June 30, 2013, were as follows:

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

	Receivables	Payables
General Fund	\$136,941	\$0
Nonmajor Special Revenue Funds:		
Race to the Top Grant	0	33,056
Federal Grant Funds	0	103,885
Total All Funds	\$136,941	\$136,941

The payables to the General Fund are due to cash deficits.

**Note 19 - Jointly Governed Organizations**

***A. Oho Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)***

The Oho Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has 12 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, 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 2013, the Noble Local School District paid \$47,091 to OME-RESA. Financial statements can be obtained from OME-RESA, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

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

The Mid-East Career and Technology Center, a joint vocational school, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 14 participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Mid-East Ohio Joint Vocational School District, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

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

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The 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. The School District's membership fee was \$325 for fiscal year 2013. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.



**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During 2013, the School District paid \$503 for membership fees to the Coalition.

**Note 20 - Insurance Purchasing Pool**

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

**Note 21 - Claims Servicing Pool**

The School District participates in the Jefferson Health Plan Self-Insurance Plan, a claims servicing pool composed of fifty members. The Plan's business and affairs are conducted by a nine member Board of Directors elected by the Jefferson Health Plan'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 22 - Set-Aside Calculations**

The School District is required by State statute to annually set-aside in the General Fund an amount based on a statutory formula for the 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 fiscal years, the School District was also required to set-aside money for textbooks.

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

**Noble Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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	Capital Improvements
Set-aside Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	170,340
Offsetting Credits	(35,000)
Qualifying Disbursements	(179,634)
Total	(\$44,294)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

**Note 23 - Donor Restricted Endowments**

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion are \$34,104. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

**Note 24 – Contingencies**

***A. Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

***B. Litigation***

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

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2012/2013	10.555	\$ 22,835	\$ 22,835
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	117,156	117,156
National School Lunch Program	2012/2013	10.555	179,432	179,432
Cash Assistance Subtotal			<u>296,588</u>	<u>296,588</u>
Total Child Nutrition Cluster			<u>319,423</u>	<u>319,423</u>
Total U.S. Department of Agriculture			319,423	319,423
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Grants to Local Educational Agencies	2012 2013	84.010	122,604 <u>263,004</u>	103,516 <u>338,077</u>
Total Title 1 Grants to Local Educational Agencies			<u>385,608</u>	<u>441,593</u>
Special Education Cluster:				
Special Education - Grants to States	2012 2013	84.027	34,987 <u>186,685</u>	29,616 <u>205,637</u>
Total Special Education - Grants to States			<u>221,672</u>	<u>235,253</u>
Special Education - Preschool Grants	2013	84.173	<u>8,585</u>	<u>8,585</u>
Total Special Education Cluster			<u>230,257</u>	<u>243,838</u>
Education Technology State Grants	2012	84.318	250	250
Rural Education	2012 2013	84.358	(400) <u>19,081</u>	 <u>19,081</u>
Total Rural Education			<u>18,681</u>	<u>19,081</u>
Improving Teacher Quality State Grants	2012 2013	84.367	13,026 <u>55,843</u>	11,907 <u>56,560</u>
Total Improving Teacher Quality State Grants			<u>68,869</u>	<u>68,467</u>
Teacher Incentive Fund Cluster:				
Teacher Incentive Fund	2013	84.374	29,191	31,769
ARRA - Teacher Incentive Fund, Recovery Act	2012 2013	84.385	33,133 <u>51,194</u>	6,008 <u>52,852</u>
Total ARRA - Teacher Incentive Fund, Recovery Act			<u>84,327</u>	<u>58,860</u>
Total Teacher Incentive Fund Cluster			113,518	90,629
ARRA - Race to the Top Incentive Grants				
Race to the Top	2012	84.395	2,167	1,361
Race to the Top	2013		56,996	60,990
Ohio Appalachian Collaborative (OAC)	2012		23,898	8,403
Ohio Appalachian Collaborative (OAC)	2013		55,961	85,023
Total ARRA - Race to the Top Incentive Grants			<u>139,022</u>	<u>155,777</u>
Education Jobs	2012	84.410	<u>67,802</u>	<u>64,262</u>
Total U.S. Department of Education			<u>1,024,007</u>	<u>1,083,897</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 1,343,430</u></b>	<b><u>\$ 1,403,320</u></b>

*The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.*

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from 2012 to 2013 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2012 to 2013</u>
Rural Education	84.358	\$ 400



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 13, 2014. We also noted the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 13, 2014



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Noble Local School District's, Noble County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

### ***Management's Responsibility***

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 13, 2014



**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> <li>• Title I Grants to Local Educational Agencies, CFDA #84.010</li> <li>• Race to the Top Incentive Grants, Recovery Act, CFDA #84.395</li> </ul>	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

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

None.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 18, 2012, to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 13, 2014

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# Dave Yost • Auditor of State

**NOBEL 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  
FEBRUARY 27, 2014**