

**NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Noble Local School District, Noble County, Ohio, (the School District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Noble Local School District, Noble County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 1999, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the School District's management, Board of Education, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", is written over a printed name and title.

Jim Petro  
Auditor of State

December 8, 1999

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Noble Local School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,483,077	\$151,955	\$398,888	\$67,454
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
Receivables:				
Taxes	1,977,800	36,310	226,880	0
Accounts	4,165	0	0	0
Intergovernmental	73,184	6,847	0	0
Due from Other Funds	17,388	0	0	0
Prepaid Items	57,904	4,127	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	17,095	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	80,463	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u><u>\$4,711,076</u></u></b>	<b><u><u>\$199,239</u></u></b>	<b><u><u>\$625,768</u></u></b>	<b><u><u>\$67,454</u></u></b>

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$35,431	\$0	\$59,737	\$0	\$0	\$3,196,542
0	126,767	0	0	0	126,767
0	0	0	0	0	2,240,990
556	0	0	0	0	4,721
15,045	0	0	0	0	95,076
0	0	0	0	0	17,388
3,691	0	0	0	0	65,722
6,926	0	0	0	0	6,926
474	0	0	0	0	17,569
0	0	0	0	0	80,463
72,237	0	0	9,712,184	0	9,784,421
0	0	0	0	364,144	364,144
0	0	0	0	1,189,609	1,189,609
<u>\$134,360</u>	<u>\$126,767</u>	<u>\$59,737</u>	<u>\$9,712,184</u>	<u>\$1,553,753</u>	<u>\$17,190,338</u>

(continued)

Noble Local School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups (Continued)  
 June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$39,026	\$11,709	\$0	\$0
Accrued Wages and Benefits Payable	673,778	55,630	0	0
Compensated Absences Payable	28,811	0	0	0
Due to Other Funds	0	17,388	0	0
Intergovernmental Payable	126,539	6,840	0	0
Deferred Revenue	1,760,797	34,489	202,311	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Tax Refund Payable	0	0	0	0
<b>Total Liabilities</b>	<b>2,628,951</b>	<b>126,056</b>	<b>202,311</b>	<b>0</b>
<b>Fund Equity and Other Credits:</b>				
Investment in				
General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	200,418	22,897	59,313	0
Reserved for Inventory	17,095	0	0	0
Reserved for Unclaimed Monies	391	0	0	0
Reserved for Property Taxes	217,003	1,821	24,569	0
Reserved for Budget Stabilization	80,463	0	0	0
Reserved for Endowment	0	0	0	0
Unreserved,				
Undesignated	1,564,166	48,465	339,575	67,454
Designated	2,589	0	0	0
<b>Total Fund Equity and Other Credits</b>	<b>2,082,125</b>	<b>73,183</b>	<b>423,457</b>	<b>67,454</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$4,711,076</b>	<b>\$199,239</b>	<b>\$625,768</b>	<b>\$67,454</b>

See accompanying notes to the general purpose financial statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$1,955	\$0	\$0	\$0	\$0	\$52,690
26,366	0	0	0	0	755,774
25,575	0	0	0	438,677	493,063
0	0	0	0	0	17,388
15,109	0	0	0	62,818	211,306
4,931	0	0	0	0	2,002,528
0	0	30,849	0	0	30,849
0	96,174	0	0	0	96,174
0	0	0	0	7,526	7,526
0	0	0	0	195,000	195,000
0	0	0	0	395,000	395,000
0	0	0	0	454,732	454,732
<u>73,936</u>	<u>96,174</u>	<u>30,849</u>	<u>0</u>	<u>1,553,753</u>	<u>4,712,030</u>
0	0	0	9,712,184	0	9,712,184
131,153	0	0	0	0	131,153
(70,729)	30,593	0	0	0	(40,136)
0	0	0	0	0	282,628
0	0	0	0	0	17,095
0	0	0	0	0	391
0	0	0	0	0	243,393
0	0	0	0	0	80,463
0	0	26,000	0	0	26,000
0	0	2,888	0	0	2,022,548
0	0	0	0	0	2,589
<u>60,424</u>	<u>30,593</u>	<u>28,888</u>	<u>9,712,184</u>	<u>0</u>	<u>12,478,308</u>
<u>\$134,360</u>	<u>\$126,767</u>	<u>\$59,737</u>	<u>\$9,712,184</u>	<u>\$1,553,753</u>	<u>\$17,190,338</u>

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 1999

	Governmental	
	General	Special Revenue
<b>Revenues:</b>		
Taxes	\$2,120,787	\$41,030
Intergovernmental	4,677,480	455,580
Interest	133,137	0
Tuition and Fees	42,196	0
Extracurricular Activities	5,857	99,356
Miscellaneous	52,437	20,079
<b>Total Revenues</b>	<b>7,031,894</b>	<b>616,045</b>
<b>Expenditures:</b>		
<b>Current:</b>		
<b>Instruction:</b>		
Regular	2,875,163	99,638
Special	524,892	264,135
Vocational	200,962	1,539
Adult/Continuing	149	0
Other	7,541	0
<b>Support Services:</b>		
Pupils	253,755	1,197
Instructional Staff	159,980	38,455
Board of Education	35,825	0
Administration	507,477	56,667
Fiscal	227,324	2,434
Business	4,599	0
Operation and Maintenance of Plant	530,871	28,318
Pupil Transportation	526,005	0
Central	0	4,689
Extracurricular Activities	98,086	124,657
Capital Outlay	0	0
Refund of Property Taxes	135,529	6,425
<b>Debt Service:</b>		
Principal Retirement	4,014	0
Interest and Fiscal Charges	853	7
<b>Total Expenditures</b>	<b>6,093,025</b>	<b>628,161</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>938,869</b>	<b>(12,116)</b>
<b>Other Financing Sources (Uses):</b>		
Proceeds from Sale of Fixed Assets	460	0
Operating Transfers In	0	0
Operating Transfers Out	(61,256)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(60,796)</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>878,073</b>	<b>(12,116)</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,186,957</b>	<b>85,299</b>
<b>Increase in Reserve for Inventory</b>	<b>17,095</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$2,082,125</b>	<b>\$73,183</b>

See accompanying notes to the general purpose financial statements

Fund Types		Totals
Debt	Capital	(Memorandum
Service	Projects	Only)
\$239,360	\$0	\$2,401,177
21,991	6,460	5,161,511
0	0	133,137
0	0	42,196
0	0	105,213
0	0	72,516
<u>261,351</u>	<u>6,460</u>	<u>7,915,750</u>
0	0	2,974,801
0	0	789,027
0	0	202,501
0	0	149
0	0	7,541
0	0	254,952
0	0	198,435
0	0	35,825
0	0	564,144
8,512	0	238,270
0	0	4,599
0	0	559,189
0	0	526,005
0	0	4,689
0	0	222,743
0	120,071	120,071
11,330	0	153,284
220,000	0	224,014
45,684	0	46,544
<u>285,526</u>	<u>120,071</u>	<u>7,126,783</u>
<u>(24,175)</u>	<u>(113,611)</u>	<u>788,967</u>
0	0	460
59,280	0	59,280
0	0	(61,256)
<u>59,280</u>	<u>0</u>	<u>(1,516)</u>
35,105	(113,611)	787,451
388,352	181,065	1,841,673
0	0	17,095
<u>\$423,457</u>	<u>\$67,454</u>	<u>\$2,646,219</u>

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$1,822,257	\$1,907,545	\$85,288
Intergovernmental	4,015,294	4,624,620	609,326
Interest	101,300	133,147	31,847
Tuition and Fees	34,000	42,297	8,297
Extracurricular Activities	5,000	5,972	972
Miscellaneous	7,568	18,074	10,506
<b>Total Revenues</b>	<b>5,985,419</b>	<b>6,731,655</b>	<b>746,236</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	3,029,151	2,896,261	132,890
Special	604,647	566,655	37,992
Vocational	200,070	185,964	14,106
Adult/Continuing	3,920	4	3,916
Other	7,540	7,517	23
<b>Support Services:</b>			
Pupils	299,410	248,488	50,922
Instructional Staff	172,979	157,647	15,332
Board of Education	51,597	47,737	3,860
Administration	514,716	496,714	18,002
Fiscal	253,416	230,957	22,459
Business	5,700	4,599	1,101
Operation and Maintenance of Plant	601,072	540,523	60,549
Pupil Transportation	686,885	636,587	50,298
Central	0	0	0
Extracurricular Activities	122,315	102,873	19,442
Capital Outlay	350	0	350
<b>Debt Service:</b>			
Principal Retirement	4,014	4,014	0
Interest and Fiscal Charges	853	853	0
<b>Total Expenditures</b>	<b>6,558,635</b>	<b>6,127,393</b>	<b>431,242</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(573,216)</b>	<b>604,262</b>	<b>1,177,478</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets	0	460	460
Refund of Prior Year Receipts	(140,657)	(135,863)	4,794
Refund of Prior Year Expenditures	10,000	11,500	1,500
Operating Transfers In	0	0	0
Operating Transfers Out	(111,256)	(61,256)	50,000
<b>Total Other Financing Sources (Uses)</b>	<b>(241,913)</b>	<b>(185,159)</b>	<b>56,754</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(815,129)</b>	<b>419,103</b>	<b>1,234,232</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,797,259</b>	<b>1,797,259</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>100,921</b>	<b>100,921</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$1,083,051</b>	<b>\$2,317,283</b>	<b>\$1,234,232</b>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$39,348	\$39,464	\$116	\$190,259	\$218,519	\$28,260
449,209	449,381	172	18,378	21,991	3,613
0	0	0	0	0	0
0	0	0	0	0	0
104,500	99,356	(5,144)	0	0	0
12,850	20,079	7,229	0	0	0
<u>605,907</u>	<u>608,280</u>	<u>2,373</u>	<u>208,637</u>	<u>240,510</u>	<u>31,873</u>
133,769	113,867	19,902	0	0	0
290,219	269,670	20,549	0	0	0
1,539	1,539	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,629	1,197	1,432	0	0	0
42,658	38,231	4,427	0	0	0
0	0	0	0	0	0
58,619	54,534	4,085	0	0	0
3,496	2,434	1,062	8,522	8,512	10
0	0	0	0	0	0
33,347	28,988	4,359	0	0	0
0	0	0	0	0	0
5,761	4,689	1,072	0	0	0
141,183	132,683	8,500	0	0	0
0	0	0	0	0	0
0	0	0	295,750	279,313	16,437
7	7	0	45,684	45,684	0
<u>713,227</u>	<u>647,839</u>	<u>65,388</u>	<u>349,956</u>	<u>333,509</u>	<u>16,447</u>
<u>(107,320)</u>	<u>(39,559)</u>	<u>67,761</u>	<u>(141,319)</u>	<u>(92,999)</u>	<u>48,320</u>
0	0	0	0	0	0
(6,374)	(6,474)	(100)	(17,000)	(11,330)	5,670
0	0	0	0	0	0
0	0	0	59,280	59,280	0
0	0	0	0	0	0
<u>(6,374)</u>	<u>(6,474)</u>	<u>(100)</u>	<u>42,280</u>	<u>47,950</u>	<u>5,670</u>
(113,694)	(46,033)	67,661	(99,039)	(45,049)	53,990
103,462	103,462	0	325,311	325,311	0
42,701	42,701	0	59,313	59,313	0
<u>\$32,469</u>	<u>\$100,130</u>	<u>\$67,661</u>	<u>\$285,585</u>	<u>\$339,575</u>	<u>\$53,990</u>

(continued)

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types (Continued)  
 For the Fiscal Year Ended June 30, 1999

	<u>Capital Projects Funds</u>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	37,185	6,460	(30,725)
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>37,185</b>	<b>6,460</b>	<b>(30,725)</b>
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
<u>Support Services:</u>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	216,615	120,071	96,544
<u>Debt Service:</u>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>216,615</b>	<b>120,071</b>	<b>96,544</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(179,430)</b>	<b>(113,611)</b>	<b>65,819</b>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(179,430)</b>	<b>(113,611)</b>	<b>65,819</b>
Fund Balances at Beginning of Year	180,015	180,015	0
Prior Year Encumbrances Appropriated	1,050	1,050	0
<b>Fund Balances at End of Year</b>	<b>\$1,635</b>	<b>\$67,454</b>	<b>\$65,819</b>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,051,864	\$2,165,528	\$113,664
4,520,066	5,102,452	582,386
101,300	133,147	31,847
34,000	42,297	8,297
109,500	105,328	(4,172)
20,418	38,153	17,735
<u>6,837,148</u>	<u>7,586,905</u>	<u>749,757</u>
3,162,920	3,010,128	152,792
894,866	836,325	58,541
201,609	187,503	14,106
3,920	4	3,916
7,540	7,517	23
302,039	249,685	52,354
215,637	195,878	19,759
51,597	47,737	3,860
573,335	551,248	22,087
265,434	241,903	23,531
5,700	4,599	1,101
634,419	569,511	64,908
686,885	636,587	50,298
5,761	4,689	1,072
263,498	235,556	27,942
216,965	120,071	96,894
299,764	283,327	16,437
46,544	46,544	0
<u>7,838,433</u>	<u>7,228,812</u>	<u>609,621</u>
<u>(1,001,285)</u>	<u>358,093</u>	<u>1,359,378</u>
0	460	460
(164,031)	(153,667)	10,364
10,000	11,500	1,500
59,280	59,280	0
<u>(111,256)</u>	<u>(61,256)</u>	<u>50,000</u>
<u>(206,007)</u>	<u>(143,683)</u>	<u>62,324</u>
(1,207,292)	214,410	1,421,702
2,406,047	2,406,047	0
<u>203,985</u>	<u>203,985</u>	<u>0</u>
<u>\$1,402,740</u>	<u>\$2,824,442</u>	<u>\$1,421,702</u>

Noble Local School District, Ohio  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 All Proprietary Fund Types and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Non-Expendable Trust	(Memorandum Only)
<u>Operating Revenues:</u>				
Sales	\$209,969	\$0	\$0	\$209,969
Tuition	556	0	0	556
Charges for Services	0	727,825	0	727,825
Interest	0	0	\$1,312	1,312
Other Revenues	102	0	0	102
<b>Total Operating Revenues</b>	<b>210,627</b>	<b>727,825</b>	<b>1,312</b>	<b>939,764</b>
<u>Operating Expenses:</u>				
Salaries	117,685	0	0	117,685
Fringe Benefits	72,259	0	0	72,259
Purchased Services	1,878	114,242	0	116,120
Materials and Supplies	10,978	0	0	10,978
Cost of Sales	155,421	0	0	155,421
Scholarship	0	0	400	400
Depreciation	9,343	0	0	9,343
Claims	0	691,062	0	691,062
<b>Total Operating Expenses</b>	<b>367,564</b>	<b>805,304</b>	<b>400</b>	<b>1,173,268</b>
<b>Operating Income (Loss)</b>	<b>(156,937)</b>	<b>(77,479)</b>	<b>912</b>	<b>(233,504)</b>
<u>Non-Operating Revenues:</u>				
Federal Donated Commodities	21,474	0	0	21,474
Interest	357	8,716	0	9,073
Operating Grants	97,434	0	0	97,434
Other	0	50,743	0	50,743
<b>Total Non-Operating Revenues</b>	<b>119,265</b>	<b>59,459</b>	<b>0</b>	<b>178,724</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(37,672)</b>	<b>(18,020)</b>	<b>912</b>	<b>(54,780)</b>
<b>Operating Transfers In</b>	<b>0</b>	<b>0</b>	<b>1,976</b>	<b>1,976</b>
<b>Net Income (Loss)</b>	<b>(37,672)</b>	<b>(18,020)</b>	<b>2,888</b>	<b>(52,804)</b>
<b>Retained Earnings (Deficit)/Fund Balance at Beginning of Year (Restated - Note 3)</b>	<b>(33,057)</b>	<b>48,613</b>	<b>26,000</b>	<b>41,556</b>
<b>Retained Earnings (Deficit)/Fund Balance at End of Year</b>	<b>(70,729)</b>	<b>30,593</b>	<b>28,888</b>	<b>(11,248)</b>
<b>Contributed Capital at Beginning of Year</b>	<b>127,133</b>	<b>0</b>	<b>0</b>	<b>127,133</b>
<b>Contributions During the Year from Other Funds</b>	<b>4,020</b>	<b>0</b>	<b>0</b>	<b>4,020</b>
<b>Contributed Capital at End of Year</b>	<b>131,153</b>	<b>0</b>	<b>0</b>	<b>131,153</b>
<b>Total Fund Equity at End of Year</b>	<b>\$60,424</b>	<b>\$30,593</b>	<b>\$28,888</b>	<b>\$119,905</b>

See accompanying notes to the general purpose financial statements

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 All Proprietary Fund Types and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 1999

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Sales	\$197,300	\$210,080	\$12,780
Charges for Services	0	0	0
Interest	0	357	357
Other Revenues	100	102	2
Refund of Prior Year Expense	0	0	0
Operating Grants	82,000	82,389	389
<b>Total Revenues</b>	<b>279,400</b>	<b>292,928</b>	<b>13,528</b>
<b>Expenses:</b>			
Salaries	118,000	110,527	7,473
Fringe Benefits	68,350	63,653	4,697
Purchased Services	6,000	2,122	3,878
Materials and Supplies	146,795	144,291	2,504
Scholarship	0	0	0
<b>Total Expenses</b>	<b>339,145</b>	<b>320,593</b>	<b>18,552</b>
Excess of Revenues Over (Under) Expenses	(59,745)	(27,665)	32,080
Operating Transfers In	0	0	0
Excess of Revenues Over (Under) Expenses and Operating Transfers	(59,745)	(27,665)	32,080
Fund Equity at Beginning of Year	60,423	60,423	0
Prior Year Encumbrances Appropriated	395	395	0
<b>Fund Equity at End of Year</b>	<b>\$1,073</b>	<b>\$33,153</b>	<b>\$32,080</b>

(continued)

Noble Local School District, Ohio  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 All Proprietary Fund Types and Similar Trust Fund (Continued)  
 For the Fiscal Year Ended June 30, 1999

	<u>Internal Service Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Charges for Services	643,585	674,406	30,821
Interest	8,532	8,716	184
Other Revenues	190	683	493
Refund of Prior Year Expense	37,697	50,060	12,363
Operating Grants	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>690,004</u>	<u>733,865</u>	<u>43,861</u>
<u>Expenses:</u>			
Salaries	0	0	0
Fringe Benefits	67,727	67,456	271
Purchased Services	743,496	720,868	22,628
Materials and Supplies	0	0	0
Scholarship	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>811,223</u>	<u>788,324</u>	<u>22,899</u>
Excess of Revenues Over (Under) Expenses	(121,219)	(54,459)	66,760
Operating Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses and Operating Transfers	(121,219)	(54,459)	66,760
Fund Equity at Beginning of Year	181,226	181,226	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$60,007</u>	<u>\$126,767</u>	<u>\$66,760</u>

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$197,300	\$210,080	\$12,780
0	0	0	643,585	674,406	30,821
1,300	1,312	12	9,832	10,385	553
0	0	0	290	785	495
0	0	0	37,697	50,060	12,363
0	0	0	82,000	82,389	389
<u>1,300</u>	<u>1,312</u>	<u>12</u>	<u>970,704</u>	<u>1,028,105</u>	<u>57,401</u>
0	0	0	118,000	110,527	7,473
0	0	0	136,077	131,109	4,968
0	0	0	749,496	722,990	26,506
0	0	0	146,795	144,291	2,504
<u>1,650</u>	<u>1,000</u>	<u>650</u>	<u>1,650</u>	<u>1,000</u>	<u>650</u>
<u>1,650</u>	<u>1,000</u>	<u>650</u>	<u>1,152,018</u>	<u>1,109,917</u>	<u>42,101</u>
(350)	312	662	(181,314)	(81,812)	99,502
<u>1,976</u>	<u>1,976</u>	<u>0</u>	<u>1,976</u>	<u>1,976</u>	<u>0</u>
1,626	2,288	662	(179,338)	(79,836)	99,502
26,000	26,000	0	267,649	267,649	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>395</u>	<u>395</u>	<u>0</u>
<u>\$27,626</u>	<u>\$28,288</u>	<u>\$662</u>	<u>\$88,706</u>	<u>\$188,208</u>	<u>\$99,502</u>

Noble Local School District, Ohio  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Non- Expendable Trust	(Memorandum Only)
Increase (Decrease) in <u>Cash and Cash Equivalents:</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$210,080	\$0	\$0	\$210,080
Cash Received from Quasi-External Transactions with Other Funds	0	674,406	0	674,406
Cash Payments to Suppliers				
Other Operating Revenues	102	0	0	102
Other Non-Operating Revenues	0	50,743	0	50,743
Cash Payments to Suppliers for Goods and Services	(144,141)	(114,242)	0	(258,383)
Cash Payments for Employee Services	(110,527)	0	0	(110,527)
Cash Payments for Employee Benefits	(63,647)	0	0	(63,647)
Cash Payments for Scholarships	0	0	(400)	(400)
Cash Payments for Claims	0	(674,082)	0	(674,082)
Net Cash Used for Operating Activities	<u>(108,133)</u>	<u>(63,175)</u>	<u>(400)</u>	<u>(171,708)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Transfers In	0	0	1,976	1,976
Operating Grants Received	82,389	0	0	82,389
Net Cash Provided from Noncapital Financing Activities	<u>82,389</u>	<u>0</u>	<u>1,976</u>	<u>84,365</u>
<u>Cash Flows from Investing Activities:</u>				
Interest	357	8,716	1,312	10,385
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(25,387)</u>	<u>(54,459)</u>	<u>2,888</u>	<u>7,407</u>
Cash and Cash Equivalents at Beginning of Year	60,818	181,226	26,000	268,044
Cash and Cash Equivalents at End of Year	<u>\$35,431</u>	<u>\$126,767</u>	<u>\$28,888</u>	<u>\$275,451</u>
Reconciliation of Operating Income (Loss) to Net <u>Cash Used for Operating Activities:</u>				
Operating Income (Loss)	<u>(\$156,937)</u>	<u>(\$77,479)</u>	<u>\$912</u>	<u>(\$233,504)</u>
Adjustments to Reconcile Operating Income (Loss) to <u>Net Cash Used for Operating Activities:</u>				
Depreciation	9,343	0	0	9,343
Interest	0	0	(1,312)	(1,312)
Other Non-Operating Revenues	0	50,743	0	50,743
Donated Commodities Used During Year	21,474	0	0	21,474
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(445)	0	0	(445)
Increase in Prepaid Items	(67)	0	0	(67)
Decrease in Inventory Held for Resale	93	0	0	93
Increase in Materials and Supplies Inventory	(80)	0	0	(80)
Increase in Accounts Payable	1,955	0	0	1,955
Increase in Accrued Wages and Benefits Payable	1,177	0	0	1,177
Increase in Compensated Absences Payable	13,293	0	0	13,293
Increase in Intergovernmental Payable	2,061	0	0	2,061
Decrease in Deferred Revenue	0	(53,419)	0	(53,419)
Increase in Claims Payable	0	16,980	0	16,980
Total Adjustments	<u>48,804</u>	<u>14,304</u>	<u>(1,312)</u>	<u>61,796</u>
Net Cash Used for Operating Activities	<u>(\$108,133)</u>	<u>(\$63,175)</u>	<u>(\$400)</u>	<u>(\$171,708)</u>
<u>Non-Cash Transactions:</u>				
During 1999, the Food Service Enterprise Fund received non-cash contributions of \$4,020. This amount represents donated fixed assets used in the operation of this fund.				
<u>Reconciliation:</u>				
Cash and Cash Equivalents - All Fiduciary Funds			\$59,737	
Cash and Cash Equivalents - Agency Fund			(30,849)	
Cash and Cash Equivalents - Non-Expendable Trust Fund			\$28,888	

See accompanying notes to the general purpose financial statements

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 54 classified and 85 certificated full time teaching personnel who provide services to 1,314 students and other community members.

The reporting entity is comprised 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 Noble Local School District, this includes general operations, food service, and student related activities of the School District.

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

The School District is involved with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) and the Mid-East Ohio Joint Vocational School District, which are defined as jointly governed organizations; the Ohio School Boards Association Workers' Compensation Rating Plan, which is defined as a group insurance purchasing pool; and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a claims servicing pool. Additional information concerning the jointly governed organizations, and information concerning the group insurance purchasing pool and the claims servicing pool is presented in Note 18.

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

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

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

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

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

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

**Debt Service Funds** Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

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

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

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

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

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the non-expendable trust fund. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level, and the authority to monitor at the function/object level is delegated to the School District's Treasurer. Budgetary information is presented at the function level in the general purpose financial statements to provide more meaningful information. Any budgetary modifications at the fund level may only be made by resolution of the Board of Education.

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

**Estimated Resources** By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Appropriations** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Encumbrances** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**Lapsing of Appropriations** At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the School District Treasurer is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statements as cash and cash equivalents with fiscal agents.

During fiscal year 1999, investments were limited to STAROhio.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

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 1999 amounted to \$133,137, which includes \$31,738 assigned from other School District funds.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
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For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. During the fiscal year, the School District had no investments that met this criteria.

***E. Inventory***

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 1999, 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 year in which services are consumed.

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

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

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

***H. Intergovernmental Revenues***

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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The School District currently participates in several State and federal programs, categorized as follows:

**Entitlements**

*General Fund*

State Foundation Program  
School Bus Purchase  
State Property Tax Relief

*Special Revenue Funds*

Disadvantaged Pupil Impact Aid

**Non-Reimbursable Grants**

*Special Revenue Funds*

Title VI-B  
Disadvantaged Pupil Program  
Eisenhower Grant  
Vocational Education  
Title I  
Title VI  
Drug Free Schools  
Educational Management Information System  
Professional Development  
Venture Capital  
Goals 2000 Intervention  
School-to-Work

*Capital Projects Funds*

School Net Plus  
Technology Equity

**Reimbursable Grants**

*General Fund*

Driver Education

*Special Revenue Funds*

Vocational Education Travel

*Capital Projects Funds*

Vocational Education Equipment

*Proprietary Funds*

National School Lunch Program  
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 65 percent of governmental fund revenue during the 1999 fiscal year.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***I. Interfund Assets/Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. As of June 30, 1999, the School District's General Fund discloses \$17,388 as due from the Disadvantaged Pupil Impact Aid Special Revenue Fund.

***J. Compensated Absences***

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

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

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. Bonds and long-term loans are recognized as a liability of the general long-term obligations account group until due.

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

***L. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
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***M. Restricted Assets***

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 20 for the calculations of the year end restricted asset balance and the corresponding fund balance reserve.

***N. Estimates***

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

***O. Fund Balance Reserves***

The School District records reservations for portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes, unclaimed monies, budget stabilization, and endowments. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not held for the five year period is presented as reserved. The reserve for endowment signifies the legal restrictions on the use of principal. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures

***P. Designated Fund Balance***

The School District has a fund balance designation on the balance sheet for additional money above the reserve for budget stabilization required by State statute.

***Q. Contributed Capital***

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. During fiscal year 1999, the School District's contributed capital increased by \$4,020.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**R. Total Columns on General Purpose Financial Statements**

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

**Note 3 - Restatement of Prior Year Balances**

Retained Earnings in the Self-Insurance Internal Service Fund decreased from \$102,332 to \$48,613. This adjustment is a result of reflecting the correct cash balance held with the School District's third party administrator, OME-RESA.

Also, a prior period adjustment was made to the general long-term obligations account group due to a change in valuing the sick leave portion of compensated absences. The change in estimate is a result of newly-available information. Compensated absences payable increased from \$297,692 to \$365,985, as of June 30, 1998. The balance in the General Long Term Obligations Account Group increased to \$1,849,909 as of June 30, 1998.

**Note 4 - Accountability**

At June 30, 1999, the Title I Special Revenue Fund had a deficit fund balance in the amount of \$21,846. This deficit was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service Enterprise Fund had deficit retained earnings of \$70,947 due to the recognition of contributed capital in accordance with generally accepted accounting principles.

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$878,073	(\$12,116)	\$35,105	(\$113,611)
Revenue Accruals	(288,739)	(7,765)	(20,841)	0
Expenditure Accruals	75,899	25,673	0	1,050
Encumbrances	<u>(246,130)</u>	<u>(51,825)</u>	<u>(59,313)</u>	<u>(1,050)</u>
Budget Basis	<u>\$419,103</u>	<u>(\$46,033)</u>	<u>(\$45,049)</u>	<u>(\$113,611)</u>

**Net Income (Loss)/Excess of Revenues Over (Under) Expenses  
All Proprietary Fund Types and Similar Trust Fund**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>
GAAP Basis	(\$37,672)	(\$18,020)	\$2,888
Revenue Accruals	(15,490)	(53,419)	0
Expense Accruals	18,432	16,980	0
Depreciation Expense	9,343	0	0
Encumbrances	<u>(2,278)</u>	<u>0</u>	<u>(600)</u>
Budget Basis	<u>(\$27,665)</u>	<u>(\$54,459)</u>	<u>\$2,288</u>

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 6 - Deposits and Investments**

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

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

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

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

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
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7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

At June 30, 1999, the School District's internal service fund has a balance of \$126,767 with OME-RESA, a claims servicing pool (Note 18). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA 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 Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Debra Campana, 2023 Sunset Blvd., Steubenville, Ohio 43952.

**Undeposited Cash** At year end, the School District had \$127 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Cash and Cash Equivalents".

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$1,046,211 and the bank balance was \$1,107,123. \$100,000 of the bank balance was covered by federal depository insurance. \$1,007,123 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The fair value is \$2,230,667.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
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The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$3,403,772	\$0
Undeposited Cash	(127)	0
Cash and Cash Equivalents with Fiscal Agents	(126,767)	0
Investment:		
STAR Ohio	<u>(2,230,667)</u>	<u>2,230,667</u>
GASB Statement 3	<u>\$1,046,211</u>	<u>\$2,230,667</u>

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$46,435,920	63.56 %	\$46,090,090	63.95 %
Public Utility Personal	25,047,300	34.29 %	24,786,190	34.39 %
Tangible Personal Property	1,571,080	2.15 %	1,188,830	1.66 %
<b>Total</b>	<b>\$73,054,300</b>	<b>100.00 %</b>	<b>\$72,065,110</b>	<b>100.00 %</b>

Tax rate per \$1,000 of assessed valuation	\$35.60	\$37.20
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The School District receives property taxes from Noble, Guernsey, and Monroe Counties. The Noble County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$243,393 and is recognized as revenue. \$217,003 was available to the General Fund, \$1,821 was available to the Classroom Facilities Special Revenue Fund, and \$24,569 was available to the Debt Service Fund.

**Note 8 - Receivables**

Receivables at June 30, 1999, consisted of taxes, accounts (rent and tuition) 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 year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

**Noble Local School District, Ohio**  
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<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Foundation Adjustments	\$68,695
Open Enrollment Reimbursement	2,432
Miscellaneous Reimbursements	<u>2,057</u>
Total General Fund	<u>73,184</u>
Special Revenue Funds:	
Vocational Equipment	675
Title VI-B	<u>6,172</u>
Total Special Revenue Funds	<u>6,847</u>
Food Service Enterprise Fund:	
National and State School Lunch Reimbursement	<u>15,045</u>
Total Intergovernmental Receivables	<u>\$95,076</u>

**Note 9 - Fixed Assets**

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$191,449
Less: accumulated depreciation	<u>(119,212)</u>
Net Fixed Assets	<u>\$72,237</u>

	<u>Balance</u> <u>6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/99</u>
Land and Improvements	\$530,818	\$0	\$0	\$530,818
Buildings	6,095,110	25,150	0	6,120,260
Vehicles	1,272,369	0	0	1,272,369
Furniture and Equipment	<u>1,658,286</u>	<u>150,195</u>	<u>19,744</u>	<u>1,788,737</u>
Total General Fixed Assets	<u>\$9,556,583</u>	<u>\$175,345</u>	<u>\$19,744</u>	<u>\$9,712,184</u>

There was no significant construction in progress at June 30, 1999.

**Note 10 - Risk Management**

*A. Property and Liability*

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

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
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Professional liability is protected by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate and no deductible. Vehicles are covered by State Farm Mutual Insurance for comprehensive and collision with no deductible. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

**B. Workers' Compensation**

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a group insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**C. Employee Medical and Life Benefits**

Medical/surgical, dental, life, and vision insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$96,174 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 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 the fiscal year is as follows:

	Balance at Beginning of <u>Year</u>	Current Year <u>Claims</u>	Claims <u>Payments</u>	Balance at <u>End of Year</u>
1998	\$149,689	\$504,451	\$574,946	\$79,194
1999	79,194	691,062	674,082	96,174

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

**A. State Teachers Retirement System**

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

For the fiscal year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$192,294, \$323,768 and \$337,900, respectively; 57.4 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$81,956 represents the unpaid contribution for fiscal year 1999, and is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$64,767, \$75,544 and \$77,974, respectively; 31 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$44,832 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, there are no employees who have elected Social Security.

**Note 12 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$256,392 during the 1999 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available), the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$72,169.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 13 - Other Employee Benefits**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract plus ninety, not to exceed 240 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 50 days for classified employees and 50 days for teachers and administrators. For all days remaining beyond the maximum, classified employees are paid \$12 per day while teachers and administrators are paid at the rate of one day for every ten unused sick leave days at the regular rate of pay.

**Note 14 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 1999, were as follows:

	Restated Principal Outstanding <u>6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/99</u>
1989 General Obligation Bonds - 6.5%	\$570,000	\$0	\$175,000	\$395,000
1993 Energy Conservation Loan - 5.95%	240,000	0	45,000	195,000
Compensated Absences	365,985	143,686	70,994	438,677
Intergovernmental Payable	54,368	62,818	54,368	62,818
Capital Leases Payable	11,540	0	4,014	7,526
Tax Refund Payable	<u>608,016</u>	<u>0</u>	<u>153,284</u>	<u>454,732</u>
Total General Long-Term Obligations	<u>\$1,849,909</u>	<u>\$206,504</u>	<u>\$502,660</u>	<u>\$1,553,753</u>

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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The general obligation bonds and the energy conservation loan were originally issued in the amounts of \$1,500,000 and \$433,249, respectively. The general obligation bonds were issued for the purpose of constructing, equipping and remodeling the School District's elementary school. The energy conservation loan was issued for the purpose of installing energy conservation measures throughout the School District. The general obligation bonds and the energy conservation loan will be paid from the Debt Service Fund.

Compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the employees salaries' are paid. The capital leases payable are for the purchase of three risographs and will be paid from the General Fund.

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

In addition, the School District received \$1,750,000 in monies from the Ohio School Facilities Commission. Initially, repayment of the Ohio School Facilities Commission funds was to be made over a twenty-three year period from a half-mill levy. During 1998, the School District passed the necessary board resolution which enables the School District to retain the half-mill levy for the maintenance of the School District's buildings due to the District's assessed values being below the statewide median. As a result of the approval from the Ohio School Facilities Commission, the School District has no obligation to repay the School Facilities loan, as long as, the District's assessed values remain below the median. Due to the District's current ranking of 494 and the median being 306, the likelihood of future repayment requirements are remote. However, in any year in which the School District's assessed values rise above the median, half of the levy proceeds would be paid to the State to retire the loan. Any unpaid balance at the end of twenty-three years will be forgiven.

Principal and interest requirements to retire general obligation bonds, the energy conservation loan, and the tax refund outstanding at June 30, 1999, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$388,084	\$31,516	\$419,600
2001	402,299	16,001	418,300
2002	199,349	6,454	205,803
2003	55,000	3,273	58,273
Total	<u>\$1,044,732</u>	<u>\$57,244</u>	<u>\$1,101,976</u>

The School District's overall legal debt margin was \$6,847,162 with an unvoted debt margin of \$72,065 at June 30, 1999.

**Note 15 - Capital Leases - Lessee Disclosure**

The School District has entered into capitalized leases for office equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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Capital lease payments have been reclassified and are reflected as debt service expenditures on the budgetary statements.

General fixed assets consisting of risographs have been capitalized in the general fixed assets account group in the amount of \$12,512. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$4,014 in the governmental funds

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, 1999

Fiscal Year Ending June 30,	GLTOAG
2000	\$4,500
2001	3,375
<b>Total</b>	<b>7,875</b>
Less: Amount Representing Interest	(349)
Present Value of Net Minimum Lease Payments	<b>\$7,526</b>

**Note 16 - Interfund Activity**

As of June 30, 1999, there was a due to/due from other funds in the amount of \$17,388. This amount was owed to the General Fund from the Disadvantaged Pupil Impact Aid Special Revenue Fund.

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

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$210,258	\$369	\$210,627
Depreciation Expense	9,343	0	9,343
Operating Loss	(156,937)	0	(156,937)
Donated Commodities	21,474	0	21,474
Operating Grants	97,434	0	97,434
Interest Income	357	0	357
Net Loss	(37,672)	0	(37,672)
Fixed Asset Additions	4,020	0	4,020
Current Capital Contributions	4,020	0	4,020
Net Working Capital	29,490	217	29,707
Total Assets	134,143	217	134,360
Long-Term Liabilities Paid from Fund Revenues	41,520	0	41,520
Total Equity	60,207	217	60,424
Encumbrances at June 30, 1999	2,278	0	2,278

**Note 18 - Jointly Governed Organizations and Public Entity Risk Pools**

**A. Jointly Governed Organizations**

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has 11 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

***B. Public Entity Risk Pools***

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a group 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 districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

**Note 19 - State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. For the fiscal year ended June 30, 1999, the School District received \$4,282,098 in school foundation support for its General Fund.

In addition, the Court declared the classroom facilities program unconstitutional, because in the Court's opinion, the program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had received a total of \$1,750,000 under this program. Prior to April 6, 1998, the School District had made payments on this loan in the amount of \$792,721. On April 6, 1998, the School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remainder of the \$957,279 classroom facilities loan.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operations.

**Note 20 - Set-Aside Calculations and Fund Reserves**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$33,052	\$33,052
Current Year Set-aside Requirement	94,823	94,823	47,411	237,057
Qualifying Disbursements	<u>(136,809)</u>	<u>(129,663)</u>	<u>0</u>	<u>(266,472)</u>
Total	<u>(\$41,986)</u>	<u>(\$34,840)</u>	<u>\$80,463</u>	<u>\$3,637</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$80,463</u>	<u>\$80,463</u>

Although the School District had qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**Note 21 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**B. Litigation**

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

**Noble Local School District, Ohio**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 22 - Year 2000 Compliance**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

Noble Local School District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The School District has two school buildings with heating and air conditioning systems which have extensive efficiency utilization measures within the systems.

The company responsible for the HVAC facility management system has indicated the system in use by the School District is Year 2000 compliant.

The District uses the State of Ohio Uniform Accounting System software for its financial reporting, and the State of Ohio Uniform School Accounting Staff Payroll System software for its payroll and employee benefits. The School District utilizes an external service organization for these services. The State and the external service organization are responsible for remediating this system.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems.

Guernsey, Monroe, and Noble Counties collect property taxes for distribution to the School District. The counties are responsible for remediating their tax collecting systems.

The School District utilizes an external service organization to process medical claims on behalf of the School District. Self Funded Plans Service, Inc., is responsible for remediating the claims processing system.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

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**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. Department of Agriculture</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$23,776	\$0	\$21,474
National School Lunch Program	0304-PU-99	10.555	67,303	0	67,303	0
	0304-PU-98	10.555	10,519	0	10,519	0
Total U.S. Department of Agriculture-Nutrition Cluster			<u>77,822</u>	<u>23,776</u>	<u>77,822</u>	<u>21,474</u>
Total U.S. Department of Agriculture			<u>77,822</u>	<u>23,776</u>	<u>77,822</u>	<u>21,474</u>
<b>U.S. Department of Labor</b>						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services and Job Training Pilot (School to Work Grant)	WK-BE-98	17.249	5,000	0	544	0
Total U.S. Department of Labor			<u>5,000</u>	<u>0</u>	<u>544</u>	<u>0</u>
<b>U.S. Department of Education</b>						
<i>Passed Through Ohio Department of Education:</i>						
Educationally Deprived Children - Local Educational Agencies Title I	C1-S1-98	84.010	26,761	0	56,206	0
	C1-S1-98C	84.010	15,463	0	15,463	0
	C1-S1-99	84.010	253,440	0	226,649	0
Total Title I Grants to Local Educational Agencies			<u>295,664</u>	<u>0</u>	<u>298,318</u>	<u>0</u>
Special Education Cluster:						
Education of the Handicapped	6B-SF-97	84.027	0	0	49	0
	6B-SF-98	84.027	53,216	0	60,043	0
Total Education of the Handicapped - Special Education Cluster			<u>53,216</u>	<u>0</u>	<u>60,092</u>	<u>0</u>
Drug Free Schools and Communities Grant	DR-S1-98	84.186	(2,609)	0	552	0
	DR-S1-99	84.186	6,787	0	4,434	0
	DR-S1-98C	84.186	2,609	0	2,609	0
Total Drug Free Schools and Communities Grant			<u>6,787</u>	<u>0</u>	<u>7,595</u>	<u>0</u>
Goals 2000 Grant	G2-S1-98C	84.276	0	0	9,881	0
Eisenhower Professional Development State Grant	MS-S1-97	84.281	0	0	67	0
	MS-S1-99	84.281	7,927	0	3,440	0
Total Eisenhower Professional Development State Grant			<u>7,927</u>	<u>0</u>	<u>3,507</u>	<u>0</u>
Innovative Programs, IASA Title VI	C2-S1-99	84.298	4,802	0	1,475	0
	C2-S1-98	84.298	0	0	651	0
Total Innovative Programs, IASA Title VI Grant			<u>4,802</u>	<u>0</u>	<u>2,126</u>	<u>0</u>
Total U.S. Department of Education			<u>368,396</u>	<u>0</u>	<u>381,519</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<u><b>\$451,218</b></u>	<u><b>\$23,776</b></u>	<u><b>\$459,885</b></u>	<u><b>\$21,474</b></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

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800-441-1389

Facsimile 740-594-2110

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

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Noble Local School District, Noble County, Ohio, (the School District) as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated December 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 8, 1999.

Noble Local School District

Noble County

Report of Independent Accountants on Compliance and on Internal Control Required by  
*Government Auditing Standards*

Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is written in a cursive style with a large, sweeping initial "J".

**Jim Petro**  
Auditor of State

December 8, 1999



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Noble Local School District, Noble County, Ohio, (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 1999. The School District's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 1999.

**Internal Control Over Compliance**

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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



**Jim Patro**  
Auditor of State

December 8, 1999

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**  
**(Continued)**

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

The audit of Noble Local School District, Noble County, for the fiscal year ending June 30, 1999 contained no findings related to the financial statements required to be reported in accordance with GAGAS.

**3. FINDINGS FOR FEDERAL AWARDS**

The audit of Noble Local School District, Noble County, for the fiscal year ending June 30, 1999 contained no findings or questioned costs for federal awards.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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NOBLE LOCAL SCHOOL DISTRICT  
NOBLE COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: FEBRUARY 17, 2000