



Mary Taylor, CPA
Auditor of State

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	17
Statement of Fund Net Assets – Internal Service Fund.....	18
Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Fund	19
Statement of Cash Flows – Internal Service Fund	20
Statement of Fiduciary Net Assets – Fiduciary Funds.....	21
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Fund	22
Notes to the Basic Financial Statements	23
Schedule of Federal Awards Receipts and Expenditures.....	47
Notes to the Schedule of Federal Awards Receipts and Expenditures	48
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	51
Schedule of Findings – OMB Circular A-133 § .505	53
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b).....	54

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Noble Local School District, Noble County, Ohio, as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 23, the School District is experiencing certain financial difficulties. Note 23 describes those conditions and management's intended plans.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 20, 2009

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The discussion and analysis of the Noble Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2008 are as follows:

- Net assets of governmental activities decreased \$156,075.
- General revenues accounted for \$7,954,029 in revenue or 78% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions, and interest, and capital grants and contributions accounted for \$2,211,470 or 22% of total revenues of \$10,165,499.
- The School District had \$10,321,574 in expenses related to governmental activities; only \$2,211,470 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$7,954,029 were not adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund had \$8,833,629 in revenues and \$8,547,355 in expenditures. The General Fund's balance increased \$24,029.

Using this Annual Financial Report

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

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

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

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

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
 Unaudited

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1
Net Assets

	Governmental Activities		
	2008	2007	Change
Assets			
Current and Other Assets	\$5,329,403	\$4,884,168	\$445,235
Capital Assets	4,975,701	5,194,710	(219,009)
Total Assets	10,305,104	10,078,878	226,226
Liabilities			
Long-term Liabilities	785,694	948,327	(162,633)
Other Liabilities	3,548,562	3,003,628	544,934
Total Liabilities	4,334,256	3,951,955	382,301
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,537,054	4,581,925	(44,871)
Restricted	219,563	290,697	(71,134)
Unrestricted	1,214,231	1,254,301	(40,070)
Total Net Assets	\$5,970,848	\$6,126,923	(\$156,075)

Total assets of governmental activities increased \$226,226. Cash and cash equivalents increased \$146,516, while cash with fiscal agents increased \$158,407. The primary revenue items contributing to the increase in cash included an increase in state foundation special education funding, as well as a significant increase in open enrollment students and related funding. Property taxes receivable increased \$133,939. Prepaids increased \$41,708. This is due to the School District prepaying for its liability, fleet, and property insurance for fiscal year 2009, while fiscal year 2008 coverage was paid during fiscal year 2008. Capital assets also decreased \$219,009 due to the disposal of assets and depreciation.

Total governmental activities liabilities increased \$382,301. This increase is attributed mainly to an increase in claims payable of \$289,515. This increase in claims payable is due to an unusual spike in the number of health care claims. Long-term liabilities decreased \$162,633, resulting from payments on capital leases.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
 Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008, and comparisons to fiscal year 2007.

Table 2
 Changes in Net Assets

	Governmental Activities		
	2008	2007	Change
Revenues			
Program Revenues:			
Charges for Services	\$1,126,552	\$1,044,050	\$82,502
Operating Grants, Contributions and Interest	1,065,847	1,134,739	(68,892)
Capital Grants and Contributions	19,071	21,947	(2,876)
Total Program Revenues	<u>2,211,470</u>	<u>2,200,736</u>	10,734
General Revenues:			
Property Taxes	2,261,610	2,553,642	(292,032)
Grants and Entitlements	5,504,221	5,416,286	87,935
Investment Earnings	93,728	92,006	1,722
Sale of Capital Assets	3,525	5,289	(1,764)
Miscellaneous	90,945	73,918	17,027
Total General Revenues	<u>7,954,029</u>	<u>8,141,141</u>	(187,112)
Total Revenues	<u>10,165,499</u>	<u>10,341,877</u>	(176,378)
Program Expenses			
Instruction:			
Regular	4,332,037	3,999,441	332,596
Special	913,024	941,333	(28,309)
Vocational	279,327	280,074	(747)
Adult/Continuing	5,893	6,316	(423)
Intervention	15,424	0	15,424
Support Services:			
Pupils	412,041	375,952	36,089
Instructional Staff	444,378	444,728	(350)
Board of Education	62,543	58,662	3,881
Administration	894,003	853,261	40,742
Fiscal	376,774	319,853	56,921
Business	11,868	11,026	842
Operation and Maintenance of Plant	811,029	652,590	158,439
Pupil Transportation	969,101	871,970	97,131
Central	4,436	4,797	(361)
Operation of Non-Instructional Services:			
Other	2,598	9,973	(7,375)
Food Service Operations	546,331	512,143	34,188
Extracurricular Activities	207,055	218,545	(11,490)
Interest and Fiscal Charges	33,712	43,906	(10,194)
Total Expenses	<u>10,321,574</u>	<u>9,604,570</u>	717,004
Change in Net Assets	(156,075)	737,307	(893,382)
Net Assets Beginning of Year	6,126,923	5,389,616	737,307
Net Assets End of Year	<u>\$5,970,848</u>	<u>\$6,126,923</u>	(\$156,075)

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
 Unaudited

During fiscal year 2008, the School District experienced a significant increase in open enrollment revenue through the state foundation program. These numbers usually fluctuate each fiscal year, but the increase for fiscal year 2008 was well above the normal deviations. The School District also received a noticeable increase in special education funding, also through the state foundation program, due to an increase in the special education ADM. Most federal program awards remained consistent with 2007 funding levels. Approximately 69% of the School District's general revenues are received from the State due to the depressed economic condition of the area.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property valuation increases, thus generating about the same revenue. Property taxes made up approximately 28% of general revenues for governmental activities for the School District in fiscal year 2008.

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

Table 3
 Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program Expenses				
Instruction:				
Regular	\$4,332,037	\$3,678,476	\$3,999,441	\$3,399,238
Special	913,024	394,430	941,333	425,586
Vocational	279,327	196,031	280,074	201,319
Adult/Continuing	5,893	5,893	6,316	6,316
Intervention	15,424	11,246	0	0
Support Services:				
Pupils	412,041	346,321	375,952	346,189
Instructional Staff	444,378	304,137	444,728	276,445
Board of Education	62,543	62,543	58,662	58,662
Administration	894,003	762,562	853,261	704,314
Fiscal	376,774	376,774	319,853	318,503
Business	11,868	11,868	11,026	11,026
Operation and Maintenance of Plant	811,029	806,959	652,590	649,887
Pupil Transportation	969,101	914,023	871,970	810,845
Central	4,436	3,323	4,797	(7,751)
Operation of Non-Instructional Services:				
Other	2,598	(3,974)	9,973	(11,574)
Food Service Operations	546,331	93,671	512,143	61,973
Extracurricular Activities	207,055	112,109	218,545	108,950
Interest and Fiscal Charges	33,712	33,712	43,906	43,906
Total	\$10,321,574	\$8,110,104	\$9,604,570	\$7,403,834

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The dependence upon tax revenues and state subsidies for governmental activities is apparent. For fiscal year 2008, approximately 79% of instructional activities were supported through taxes and other general revenues.

The School District Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,085,991 and expenditures of \$10,136,087. The School District continued to focus its efforts to monitor expenditures, with modest increases in supply and capital outlay budgets, as well as maintaining current personnel staffing levels. However, during fiscal year 2008, the rising price of diesel fuel had an immediate and significant impact on the School District budget. The School District operates a fleet of 19 buses which travel over 1,600 miles each day and the rising price of fuel caused nearly an additional \$43,000 in expenditures in 2008. If the price of diesel fuel continues at current levels, the School District will be forced to consider budget reductions to offset this increase.

For fiscal years 2006 through 2008, revenues have exceeded expenditures. Unfortunately, the economic condition within the School District would indicate the passage of an operating levy is highly unlikely, as evidenced by the failure of three consecutive Ohio School Facilities Commission bond levies for school improvements and a permanent improvement levy.

General Fund Budgeting Highlights

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

During the course of fiscal 2008, the School District amended its General Fund budget, but not significantly. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$8,874,777. This is \$68,297 above final estimates of \$8,806,480. This is mainly due to additional intergovernmental revenues received exceeding expectations. Final expenditures of \$8,538,154 were \$268,542 below the final appropriations of \$8,806,696. The School District's ending General Fund balance was \$1,199,916.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$4,975,701 invested in land and land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 balances compared to 2007.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
 Unaudited

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$20,925	\$21,025
Land Improvements	5,519	7,096
Buildings and Improvements	4,034,842	4,192,734
Furniture and Equipment	498,063	534,237
Vehicles	416,352	439,618
Totals	\$4,975,701	\$5,194,710

During fiscal year 2008, the School District continued to limit the amount of capital asset acquisitions. However, numerous leaks in the high school roof forced repair expenditures of nearly \$70,000 from the permanent improvement fund, and the continued deterioration of the District sewage plant will warrant attention and resources in the near future. See Note 9 to the basic financial statements for more information on capital assets.

Debt

At June 30, 2008, the School District had \$438,647 in capital leases outstanding.

Table 5
 Outsanding Debt, at Fiscal Year End

	Governmental Activities	
	2008	2007
Capital Leases	\$438,647	\$612,785

See Note 15 to the basic financial statements for more information on capital leases.

Current Issues

In each of the past three years, the School District's General Fund revenues have exceeded expenditures, due to the significant personnel and budget cuts enacted in 2005. However, the School District's current five-year forecast projects expenditures to begin exceeding revenues in fiscal year 2009. The primary reason for this deficit spending is a continued decrease in overall student enrollment, despite increases in open enrollment. This prevents any increases in state foundation funding, which accounts for nearly two-thirds of revenues.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Additional funding is received from the Federal government, though the majority of increases have been in special education only. The School District is dependent on the charge-off supplement. The charge-off supplement is revenue intended to fill in any gap that exists between the local revenue raised by a school district and the amount the foundation formula assumes the school district should raise to meet its local share of formula aid, special education, vocational education weighted aid, and transportation aid. If a school district's local revenue falls below the sum of the school district's charge-off plus its assumed local share of special education, vocational education weighted aid, and transportation aid, the State makes up the shortfall in charge-off supplement aid. This aid is intended to ensure that each pupil will receive the adequate base cost and categorical foundation amounts in state and local revenue combined.

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

Contacting the School District's Financial Management

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

Noble Local School District, Ohio

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,498,023
Cash and Cash Equivalents with Fiscal Agent	829,537
Materials and Supplies Inventory	26,143
Intergovernmental Receivable	210,211
Prepaid Items	69,433
Accounts Receivable	15,591
Property Taxes Receivable	2,680,465
Nondepreciable Capital Assets	20,925
Depreciable Capital Assets, Net	<u>4,954,776</u>
<i>Total Assets</i>	<u>10,305,104</u>
Liabilities	
Accounts Payable	59,023
Accrued Wages and Benefits Payable	876,542
Matured Compensated Absences Payable	57,120
Intergovernmental Payable	239,932
Vacation Benefits Payable	54,117
Claims Payable	444,313
Deferred Revenue	1,817,515
Long-Term Liabilities:	
Due Within One Year	203,490
Due In More Than One Year	<u>582,204</u>
<i>Total Liabilities</i>	<u>4,334,256</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,537,054
Restricted for:	
Unclaimed Monies	69,063
Bus Purchase	6,986
Other Purposes	143,514
Unrestricted	<u>1,214,231</u>
<i>Total Net Assets</i>	<u><u>\$5,970,848</u></u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities					
Instruction:					
Regular	\$4,332,037	\$555,564	\$97,997	\$0	(\$3,678,476)
Special	913,024	0	518,594	0	(394,430)
Vocational	279,327	0	83,296	0	(196,031)
Adult/Continuing	5,893	0	0	0	(5,893)
Intervention	15,424	0	4,178	0	(11,246)
Support Services:					
Pupils	412,041	0	65,720	0	(346,321)
Instructional Staff	444,378	0	140,241	0	(304,137)
Board of Education	62,543	0	0	0	(62,543)
Administration	894,003	0	131,441	0	(762,562)
Fiscal	376,774	0	0	0	(376,774)
Business	11,868	0	0	0	(11,868)
Operation and Maintenance of Plant	811,029	4,070	0	0	(806,959)
Pupil Transportation	969,101	19,351	16,656	19,071	(914,023)
Central	4,436	0	1,113	0	(3,323)
Operation of Non-Instructional Services:					
Other	2,598	0	6,572	0	3,974
Food Service Operations	546,331	452,621	39	0	(93,671)
Extracurricular Activities	207,055	94,946	0	0	(112,109)
Interest and Fiscal Charges	33,712	0	0	0	(33,712)
Totals	\$10,321,574	\$1,126,552	\$1,065,847	\$19,071	(8,110,104)
General Revenues					
Property Taxes Levied for General Purposes					2,261,610
Grants and Entitlements not Restricted to Specific Programs					5,504,221
Investment Earnings					93,728
Gain on Sale of Capital Assets					3,525
Miscellaneous					90,945
Total General Revenues					7,954,029
Change in Net Assets					(156,075)
Net Assets Beginning of Year					6,126,923
Net Assets End of Year					\$5,970,848

See accompanying notes to the basic financial statements

Noble Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,213,450	\$215,510	\$1,428,960
Receivables:			
Property Taxes	2,680,465	0	2,680,465
Accounts	15,591	0	15,591
Intergovernmental	11,914	198,297	210,211
Interfund	2,533	0	2,533
Prepaid Items	68,103	1,330	69,433
Materials and Supplies Inventory	22,863	3,280	26,143
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	69,063	0	69,063
<i>Total Assets</i>	<u>\$4,083,982</u>	<u>\$418,417</u>	<u>\$4,502,399</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$55,772	\$3,251	\$59,023
Accrued Wages and Benefits Payable	763,659	112,883	876,542
Matured Compensated Absences Payable	57,120	0	57,120
Intergovernmental Payable	197,580	42,352	239,932
Interfund Payable	0	2,533	2,533
Deferred Revenue	2,354,570	82,636	2,437,206
<i>Total Liabilities</i>	<u>3,428,701</u>	<u>243,655</u>	<u>3,672,356</u>
Fund Balances			
Reserved for Encumbrances	43,352	10,737	54,089
Reserved for Property Taxes	339,770	0	339,770
Reserved for Unclaimed Monies	69,063	0	69,063
Reserved for Bus Purchases	6,986	0	6,986
Unreserved, Undesignated, Reported in:			
General Fund	196,110	0	196,110
Special Revenue Funds	0	58,386	58,386
Capital Projects Funds	0	105,639	105,639
<i>Total Fund Balance</i>	<u>655,281</u>	<u>174,762</u>	<u>830,043</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,083,982</u>	<u>\$418,417</u>	<u>\$4,502,399</u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances		\$830,043
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,975,701
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	522,620	
Grants	82,636	
Tuition and Fees	14,435	619,691
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net assets.		385,224
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(54,117)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Lease Payable	(438,647)	
Sick Leave Benefits Payable	(347,047)	(785,694)
Net Assets of Governmental Activities		\$5,970,848

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$2,179,889	\$0	\$2,179,889
Intergovernmental	5,917,971	954,185	6,872,156
Investment Earnings	64,966	39	65,005
Charges for Services	0	207,120	207,120
Tuition and Fees	571,509	351	571,860
Extracurricular Activities	28,995	70,021	99,016
Rent	1,895	0	1,895
Gifts and Donations	1,819	0	1,819
Miscellaneous	66,585	20,646	87,231
<i>Total Revenues</i>	<u>8,833,629</u>	<u>1,252,362</u>	<u>10,085,991</u>
Expenditures			
Current:			
Instruction:			
Regular	4,032,454	121,378	4,153,832
Special	662,600	231,731	894,331
Vocational	264,303	0	264,303
Adult/Continuing	5,893	0	5,893
Intervention	0	15,424	15,424
Support Services:			
Pupils	345,670	67,878	413,548
Instructional Staff	245,705	150,286	395,991
Board of Education	62,543	0	62,543
Administration	721,187	133,599	854,786
Fiscal	374,329	1,165	375,494
Business	11,868	0	11,868
Operation and Maintenance of Plant	784,097	0	784,097
Pupil Transportation	927,012	1,261	928,273
Central	0	4,436	4,436
Operation of Non-Instructional Services	0	517,282	517,282
Extracurricular Activities	101,306	104,264	205,570
Capital Outlay	0	21,731	21,731
Debt Service:			
Principal Retirement	6,517	186,456	192,973
Interest and Fiscal Charges	1,871	31,841	33,712
<i>Total Expenditures</i>	<u>8,547,355</u>	<u>1,588,732</u>	<u>10,136,087</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>286,274</u>	<u>(336,370)</u>	<u>(50,096)</u>
Other Financing Sources (Uses)			
Transfers In	0	300,297	300,297
Proceeds from the Sale of Capital Assets	3,625	0	3,625
Inception of Capital Lease	34,427	0	34,427
Transfers Out	(300,297)	0	(300,297)
<i>Total Other Financing Sources (Uses)</i>	<u>(262,245)</u>	<u>300,297</u>	<u>38,052</u>
<i>Net Change in Fund Balance</i>	24,029	(36,073)	(12,044)
<i>Fund Balances Beginning of Year</i>	<u>631,252</u>	<u>210,835</u>	<u>842,087</u>
<i>Fund Balances End of Year</i>	<u>\$655,281</u>	<u>\$174,762</u>	<u>\$830,043</u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$12,044)

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays:

Capital Asset Additions	150,846	
Depreciation Expense	<u>(353,509)</u>	(202,663)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds, the forgiven lease, and the loss on disposal of assets:

Proceeds from Sale of Capital Assets	(3,625)	
Forgiven Lease	15,592	
Loss on Disposal of Capital Assets	<u>(12,721)</u>	(754)

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

Delinquent Taxes	81,721	
Grants	(37,555)	
Tuition and Fees	<u>3,055</u>	47,221

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 192,973

The inception of a capital lease is reported as an other financing source in the governmental funds, but increases in long-term liabilities in the statement of net assets. (34,427)

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

Vacation Benefits Payable	(3,768)	
Sick Leave Benefits Payable	<u>(11,505)</u>	(15,273)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (131,108)

Change in Net Assets of Governmental Activities (\$156,075)

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$2,271,120	\$2,247,120	\$2,249,115	\$1,995
Intergovernmental	5,794,635	5,860,720	5,910,985	50,265
Investment Earnings	66,000	66,000	64,830	(1,170)
Tuition and Fees	513,100	554,100	567,096	12,996
Extracurricular Activities	28,425	28,425	27,995	(430)
Rent	1,500	1,500	1,695	195
Gifts and Donations	0	0	1,819	1,819
Miscellaneous	37,690	48,615	51,242	2,627
<i>Total Revenues</i>	<u>8,712,470</u>	<u>8,806,480</u>	<u>8,874,777</u>	<u>68,297</u>
Expenditures				
Current:				
Instruction:				
Regular	4,197,617	4,024,023	3,950,800	73,223
Special	735,351	701,351	641,261	60,090
Vocational	288,966	304,131	290,891	13,240
Adult/Continuing	6,500	6,500	5,893	607
Support Services:				
Pupils	356,328	342,828	335,386	7,442
Instructional Staff	315,545	270,545	254,686	15,859
Board of Education	87,567	91,567	79,568	11,999
Administration	763,656	755,586	727,310	28,276
Fiscal	340,726	372,226	367,375	4,851
Business	11,600	11,600	11,868	(268)
Operation and Maintenance of Plant	821,749	833,749	809,240	24,509
Pupil Transportation	987,636	958,780	938,057	20,723
Extracurricular Activities	132,885	133,810	125,819	7,991
<i>Total Expenditures</i>	<u>9,046,126</u>	<u>8,806,696</u>	<u>8,538,154</u>	<u>268,542</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(333,656)</u>	<u>(216)</u>	<u>336,623</u>	<u>336,839</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	3,600	3,625	25
Refund of Prior Year Expenditures	10,000	45,000	45,999	999
Advances In	30,000	30,000	30,000	0
Advances Out	(30,000)	(30,000)	(30,000)	0
Transfers Out	(258,297)	(300,297)	(300,297)	0
Refund of Prior Year Receipts	(69,064)	(69,064)	0	69,064
<i>Total Other Financing Sources (Uses)</i>	<u>(317,361)</u>	<u>(320,761)</u>	<u>(250,673)</u>	<u>70,088</u>
<i>Net Change in Fund Balance</i>	(651,017)	(320,977)	85,950	406,927
<i>Fund Balance Beginning of Year</i>	942,619	942,619	942,619	0
<i>Prior Year Encumbrances Appropriated</i>	<u>171,347</u>	<u>171,347</u>	<u>171,347</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$462,949</u>	<u>\$792,989</u>	<u>\$1,199,916</u>	<u>\$406,927</u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio

Statement of Fund Net Assets

Internal Service Fund

June 30, 2008

	<u>Medical, Dental, and Vision Self-Insurance</u>
Current Assets	
Cash and Cash Equivalents with Fiscal Agent	\$829,537
Current Liabilities	
Claims Payable	<u>444,313</u>
Net Assets	
Unrestricted	<u><u>\$385,224</u></u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2008*

	Medical, Dental, and Vision Self-Insurance
Operating Revenues	
Charges for Services	\$1,811,658
Other Revenue	38,973
Total Operating Revenues	1,850,631
Operating Expenses	
Purchased Services	105,284
Claims	1,905,217
<i>Total Operating Expenses</i>	2,010,501
<i>Operating Loss</i>	(159,870)
Non-Operating Revenues:	
Interest	28,762
<i>Change in Net Assets</i>	(131,108)
<i>Net Assets Beginning of Year</i>	516,332
<i>Net Assets End of Year</i>	\$385,224

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2008

	Medical, Dental, and Vision Self-Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Transactions with Other Funds	\$1,811,658
Cash Received from Other Revenue	38,973
Cash Payments to Suppliers for Services	(105,284)
Cash Payments for Claims	(1,615,702)
<i>Net Cash Provided by Operating Activities</i>	129,645
Cash Flows from Investing Activities:	
Interest	28,762
Net Increase in Cash and Cash Equivalents	158,407
<i>Cash and Cash Equivalents Beginning of Year</i>	671,130
<i>Cash and Cash Equivalents End of Year</i>	\$829,537
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$159,870)
Changes in Liabilities	
Increase in Claims Payable	289,515
<i>Net Cash Provided by Operating Activities</i>	\$129,645

See accompanying notes to the basic financial statements

Noble Local School District, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	Private Purpose Trust	
	<u>Scholarships</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$35,539</u>	<u>\$26,580</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$26,580</u>
Net Assets		
Restricted for Endowments	33,500	
Held in Trust for Scholarships	<u>2,039</u>	
Total Net Assets	<u>\$35,539</u>	

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust
	Parsons Scholarship
Additions	
Interest	\$1,315
Deductions	
Scholarships	1,700
<i>Change in Net Assets</i>	(385)
<i>Net Assets Beginning of Year</i>	35,924
<i>Net Assets End of Year</i>	\$35,539

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 51 classified employees and 71 certified full time teaching personnel who provide services to 1,125 students and other community members.

The Superintendent of Public Instruction declared the Noble Local School District in a state of fiscal caution effective March 30, 2005. See Note 23 for more information.

Reporting Entity:

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

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

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Mid-East Career and Technology Center, the East Central Ohio Special Education Regional Resource Center, the Coalition of Rural and Appalachian Schools, and the Ohio Coalition for Equity and Adequacy of School Funding, which are defined as jointly governed organizations; and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool; and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a claims servicing pool. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Noble Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and its internal service fund unless those pronouncements 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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (generally are financed through taxes, intergovernmental receipts or other nonexchange transactions) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds used by the School District can be classified using three categories: governmental, proprietary, and fiduciary.

Governmental Fund Types:

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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.

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

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The School District's only proprietary fund type is an Internal Service Fund.

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

Fiduciary Fund Types:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

During the fiscal year, the School District invested in STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for at June 30, 2008.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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 2008 amounted to \$64,966, which includes \$33,125 assigned from other School District funds.

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

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not possess any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unexpended grants restricted for the purchase of buses and unclaimed monies. Restricted assets do not equal reserves by the amount of the bus purchase receivable (See Note 8).

K. Compensated Absences

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

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

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

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

L. Accrued Liabilities and Long-term Obligations

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

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

M. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

N. Fund Balance Reserves

The School District reserves those portions of fund balance 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 have been established for encumbrances, property taxes, bus purchases, and unclaimed monies.

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 monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$219,563 of restricted net assets, of which none are restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for food service and athletic and music programs and for federal and state grants restricted for specified purposes.

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

P. Operating Revenues and Expenses

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Q. Extraordinary and Special Items

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

R. Estimates

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

Note 3 - Change in Accounting Principles

For fiscal year 2008, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and the STRS post-employment healthcare plans in the amount of \$18,913 and \$5,732, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Note 4 - Deficit Fund Balances

The Food Service Special Revenue Fund had a deficit fund balance as of June 30, 2008, of \$9,379. The deficit is the result of expenditures exceeding charges for the service under generally accepted accounting principles. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Unrecorded interest is reported on the balance sheet (GAAP basis), but not on the budgetary basis.

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

Net Change in Fund Balance

GAAP Basis	\$24,029
Revenue Accruals	85,579
Expenditure Accruals	97,313
Unreported Interest:	
Beginning of Fiscal Year	(117)
End of Fiscal Year	1,685
Prepaid Items:	
Beginning of Fiscal Year	26,476
End of Fiscal Year	(68,103)
Advances In	30,000
Advances Out	(30,000)
Encumbrances	(80,912)
Budget Basis	\$85,950

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

At June 30, 2008, the School District's internal service fund had a cash balance of \$829,537 with OME-RESA, a claims servicing pool (See Note 19). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the 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, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$542,441 of the School District's bank balance of \$642,441 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

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

Investments As of June 30, 2008, the School District had an investment in STAROhio. The fair value of this investment was \$1,084,276, with an average maturity of 53.8 days.

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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 (used in business) located in the school district. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Guernsey, Monroe, and Noble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008, was \$339,770 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 2007, was \$409,556 in the General Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is deferred.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$82,218,150	76.8%	\$84,150,540	77.8%
Public Utility Personal	23,804,000	22.2%	22,815,550	21.1%
Tangible Personal Property	1,081,855	1.0%	1,266,033	1.1%
	<u>\$107,104,005</u>	<u>100.0%</u>	<u>\$108,232,123</u>	<u>100.0%</u>
Tax Rate per \$1,000 of assessed valuation	\$33.70		\$30.50	

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 8 - Receivables

Receivables at June 30, 2008, consisted of property taxes, accounts (billings for user charged services and tuition and fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Except for property taxes, all other receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Bus Reimbursement	\$6,986
Part B - Idea	111,234
Title I	51,685
Title VI-B	2,320
Safe and Drug Free	6,597
Title II-A	26,441
Title II-D	20
Miscellaneous Reimbursements	4,928
	\$210,211

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance 6/30/2007	Additions	Deductions	Balance 6/30/2008
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$21,025	\$0	(\$100)	\$20,925
Depreciable Capital Assets:				
Land Improvements	808,589	0	0	808,589
Buildings and Improvements	7,864,793	0	0	7,864,793
Furniture and Equipment	2,221,598	77,196	(55,000)	2,243,794
Vehicles	1,406,626	73,650	(54,076)	1,426,200
Total Capital Assets being Depreciated	12,301,606	150,846	(109,076)	12,343,376
Less Accumulated Depreciation				
Land Improvements	(801,493)	(1,577)	0	(803,070)
Buildings and Improvements	(3,672,059)	(157,892)	0	(3,829,951)
Furniture and Equipment	(1,687,361)	(97,124)	38,754	(1,745,731)
Vehicles	(967,008)	(96,916)	54,076	(1,009,848)
Total Accumulated Depreciation	(7,127,921)	(353,509) *	92,830	(7,388,600)
Total Capital Assets being Depreciated, Net	5,173,685	(202,663)	(16,246)	4,954,776
Capital Assets, Net	\$5,194,710	(\$202,663)	(\$16,346)	\$4,975,701

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$132,016
Special	19,037
Vocational	14,465
Support Services:	
Pupils	7,818
Instructional Staff	27,741
Administration	20,269
Fiscal	1,821
Operation and Maintenance of Plant	18,015
Pupil Transportation	88,254
Food Service Operations	19,415
Extracurricular Activities	4,658
	<hr/>
Total Depreciation Expense	<u>\$353,509</u>

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Indiana Insurance Company for property and fleet insurance, vehicles, boiler and machinery coverage and professional liability property insurance. Blanket coverage for property for fiscal year 2008 was in the amount of \$26,816,313. These policies include a \$1,000 deductible. Professional liability has a \$2,000,000 single occurrence limit and \$2,000,000 aggregate and no deductible. Vehicles are covered for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

B. Workers' Compensation

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an 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. 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 Benefits

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$444,313 reported in the internal service fund at June 30, 2008, is based on an estimate by OME-RESA and

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

the application of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for 2007 and 2008 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2007	\$148,550	\$1,159,843	\$1,153,595	\$154,798
2008	154,798	1,905,217	1,615,702	444,313

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$104,166, \$113,577, and \$112,920, respectively; 45.04 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$483,432, \$442,440, and \$454,923, respectively; 82.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$132 made by the School District and \$172 made by the plan members.

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, 2008, there are no employees who have elected Social Security.

Note 12 - Postemployment Benefits

A. School Employees Retirement System

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$71,128, \$51,494, and \$53,674, respectively; 40.06 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006, were \$7,736, \$6,619, and \$8,321, respectively; 46.68 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$37,187, \$34,034, and \$34,994, respectively; 82.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 13 - Other Employee Benefits

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

All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract plus ninety, not to exceed 245 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

61.25 days for both certified and classified employees. For all days remaining beyond the maximum, classified employees are paid \$12 per day.

Note 14 - Capital Leases

In the current and previous fiscal years, the School District entered into capitalized leases for various equipment and a new wing in the elementary school. 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. During fiscal year 2008, the School District entered into a new leasing agreement with Canon. This leasing agreement was for nine pieces of equipment from the previous Canon lease with the addition of three new pieces of equipment. The principal amount of \$15,592 was forgiven by Canon for entering into a new leasing agreement. Actual principal payments in fiscal year 2008 totaled \$192,973. The capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures and changes in fund balances for the governmental funds and as program expenditures in the budgetary statements.

	Governmental Activities
Buildings and Improvements	\$1,825,030
Furniture and Equipment	53,194
	1,878,224
Less Accumulated Depreciation	(326,780)
Total June 30, 2008	\$1,551,444

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, 2008.

Fiscal Year Ending	Amount
2009	\$226,686
2010	226,685
2011	8,388
2012	8,388
2013	4,894
Total	475,041
Less: Amount Representing Interest	(36,394)
Present Value of Net Minimum Lease Payments	\$438,647

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 15 - Long-Term Obligations

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

	Principal			Amounts	
	Outstanding			Due	
	6/30/07	Additions	Deductions	6/30/08	within
	<u>6/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>6/30/08</u>	<u>One Year</u>
Capital Leases Payable	\$612,785	\$34,427	\$208,565	\$438,647	\$203,490
Sick Leave Benefits Payable	335,542	97,345	85,840	347,047	0
Total Long-Term Obligations	<u>\$948,327</u>	<u>\$131,772</u>	<u>\$294,405</u>	<u>\$785,694</u>	<u>\$203,490</u>

The capital lease will be paid from the General and Permanent Improvement Capital Projects Funds. Sick leave benefits will be paid from the General Fund and the Lunchroom, IDEA-B, and Miscellaneous Federal Grants Special Revenue Funds.

The School District's overall legal debt margin at June 30, 2008, was \$9,686,689, with an unvoted debt margin of \$107,630.

Note 16 - Interfund Activity

During the fiscal year, the General Fund transferred \$82,000 to the Lunchroom Special Revenue Fund to help reduce a deficit fund balance and \$218,297 to the Permanent Improvement Capital Projects Fund to allow it to make payments on the capital lease.

At June 30, 2008, the Athletic and Music Special Revenue Fund owed the General Fund \$2,533 for services provided by the General Fund.

Note 17 - Jointly Governed Organizations

A. Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)

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, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. During fiscal year 2008, the Noble Local School District paid \$112,571 to OME-RESA for various computer services. Financial statements can be obtained from OME-RESA, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

B. Mid-East Career and Technology Center

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

C. East Central Ohio Special Education Regional Resource Center

The East Central Ohio Special Education Regional Resource Center (ECO SERRC) is a special education service center which selects its own board, adopts its own budget, and receives direct federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding, and improving special education programs and services for children with disabilities and their parents. The ECO SERRC is governed by a board composed of superintendents of member school districts in East Central Ohio, parents of children with disabilities, representatives of chartered non-public schools, representatives of county boards of MR/DD, and representatives of universities. The degree of control exercised by any participating school district is limited to its representation on the Board. There is no financial commitment made by the districts involved in ECO SERRC. ECO SERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for ECO SERRC. During fiscal year 2008, the School District paid \$2,444 to ECO SERRC. Financial information can be obtained by contacting the Tuscarawas-Carroll-Harrison Educational Service Center, Treasurer, 834 East High Avenue, New Philadelphia, Ohio 44663.

D. Coalition of Rural and Appalachian Schools

The School District participates in the Coalition of Rural and Appalachian Schools, a jointly governed organization including over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various inservice training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2008, the Noble Local School District paid \$300 to the Coalition. The financial information for the Coalition can be obtained from Dick Fisher, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

E. Ohio Coalition for Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2008, the School District paid \$582 to the Coalition.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 18 - Insurance Purchasing Pools

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

Note 19 - Claims Servicing Pool

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

Note 20 - Set-Aside Calculations

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

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

	Textbooks	Capital Improvements
Set-aside reserve balance as of June 30, 2007	(\$53,830)	\$0
Current year set-aside requirement	162,913	162,913
Qualifying Disbursements	(148,407)	(188,741)
Offset Credits	0	(218,297)
Totals	(\$39,324)	(\$244,125)
Set-aside Balance Carried Forward to Future Fiscal Years	(\$39,324)	\$0

The School District had qualifying disbursements and offsetting credits during the fiscal year that reduced the set-aside amounts below zero. The extra amount in the textbooks set-aside may be used to reduce the set-aside requirement in future fiscal years.

Note 21 - Donor Restricted Endowments

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion are \$33,500. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$2,039 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

Note 22 - Contingencies

A. Grants

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

B. Litigation

The School District is currently party to legal proceedings; the outcome of these proceedings is currently unknown.

Note 23 - Fiscal Caution

As a result of being placed in fiscal caution, the School District is required to submit a proposal to the Ohio Department of Education to improve its financial condition. The School District submitted a fiscal proposal to the Ohio Department of Education on December 3, 2004, to avoid potential deficits in future years. The Ohio Department of Education accepted the proposal on June 16, 2005.

The School District implemented an expenditure reduction plan at the end of fiscal year 2005, which included a significant reduction in force, in addition to retirements and resignations. The School District also reduced expenditures by consolidating bus routes, reducing building supply and capital outlay expenditures by nearly 50%, and eliminating textbooks purchases. Additionally, the School District implemented a pay-to-participate fee schedule for all athletic and extracurricular activities. In fiscal year 2005, the Board and unions agreed to roll over the prior contract with step-only increases. In fiscal year 2006, the School District again froze the base wage rate, with a change in the index schedule.

In the November 2006 election, the School District attempted to pass a 4-mill, 3 year Permanent Improvement Levy, but the voters rejected the proposal.

The School District's five year forecast submitted to the Ohio Department of Education on October 29, 2008, reflected a positive General fund balance through fiscal year 2010, with a minimal shortfall projected for fiscal year 2011. The School District petitioned the Ohio Department of Education to have its Fiscal Caution status lifted.

This page intentionally left blank.

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR/ Pass-Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	2008	10.550	\$ 0	\$ 9,998	\$ 0	\$ 9,998
Nutrition Cluster:						
School Breakfast Program	2007	10.553	11,819		11,819	
	2008		<u>77,548</u>		<u>77,548</u>	
Total School Breakfast Program			89,367	0	89,367	0
National School Lunch Program	2007	10.555	18,395		18,395	
	2008		<u>131,519</u>		<u>131,519</u>	
Total National School Lunch Program			149,914	0	149,914	0
Total Nutrition Cluster			<u>239,281</u>	0	<u>239,281</u>	0
Total United States Department of Agriculture			239,281	9,998	239,281	9,998
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	2007	84.010	35,522		45,854	
	2008		<u>230,035</u>		<u>224,651</u>	
Total Title I Grants to Local Educational Agencies			265,557	0	270,505	0
Special Education - Grants to States	2007	84.027	21,908		42,967	
	2008		<u>240,012</u>		<u>231,561</u>	
Total Special Education - Grants to States			261,920	0	274,528	0
Safe and Drug-Free Schools and Communities - State Grants	2007	84.186	(1)			
	2008		<u>7,096</u>		<u>6,728</u>	
Total Safe and Drug-Free Schools and Communities - State Grants			7,095	0	6,728	0
State Grants for Innovative Programs	2007	84.298	(554)			
	2008		<u>708</u>		<u>708</u>	
Total State Grants for Innovative Programs			154	0	708	0
Education Technology State Grants	2007	84.318	222		843	
	2008		<u>3,191</u>		<u>1,796</u>	
Total Education Technology State Grants			3,413	0	2,639	0
Improving Teacher Quality State Grants	2007	84.367	12,344		15,499	
	2008		<u>79,080</u>		<u>75,913</u>	
Total Improving Teacher Quality State Grants			91,424	0	91,412	0
Total United States Department of Education			<u>629,563</u>	0	<u>646,520</u>	0
Total Federal Awards Receipts and Expenditures			<u>\$ 868,844</u>	<u>\$ 9,998</u>	<u>\$ 885,801</u>	<u>\$ 9,998</u>

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

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the entitlement value of the commodities received.

NOTE D – TRANSFERS

During fiscal year 2008, the Ohio Department of Education (ODE) authorized the School District to carryover monies from the prior fiscal year to the current fiscal year. Authorized carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the carryovers is as follows:

CFDA Number	Program Title	Grant Year	Transfers Out	Transfers In
84.010	Title I Grants to Local Educational Agencies	2007	3,478	
84.010	Title I Grants to Local Educational Agencies	2008		3,478
84.027	Special Education - Grants to States	2007	10,092	
84.027	Special Education - Grants to States	2008		10,092
84.298	State Grants for Innovative Programs	2007	554	
84.298	State Grants for Innovative Programs	2008		554
84.367	Improving Teacher Quality State Grants	2007	1,156	
84.367	Improving Teacher Quality State Grants	2008		1,156
Totals			<u>\$ 15,280</u>	<u>\$ 15,280</u>



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 20, 2009, wherein we noted the School District is experiencing certain financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the School District's management in a separate letter dated January 20, 2009.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the School District's management in a separate letter dated January 20, 2009.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 20, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Noble Local School District, Noble County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to its major federal program for the year ended June 30, 2008. In a separate letter to the School District's management dated January 20, 2009, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 20, 2009

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	A finding for recovery for overpayment of salary was issued pursuant to Ohio Rev. Code Section 117.28, for public monies illegally expended against Eric M. Van Fleet, Teacher, Jeffrey Croucher, Treasurer and the Travelers Casualty and Surety Company of America, Mr. Croucher's bonding company, jointly and severally, in the amount of \$6,031, and in favor of the Noble Local School District's General Fund.	Partially Corrected	\$4,235 has been repaid as of January 20, 2009.



Mary Taylor, CPA
Auditor of State

NOBLE LOCAL SCHOOL DISTRICT

NOBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 5, 2009**