



Dave Yost • Auditor of State

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

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NOBLE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Noble Local School District, Noble County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General and Straight A Transportation Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 22, 2016

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Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
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, 2015. 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 2015 are as follows:

- Total net position of the School District increased \$423,007. Restricted net position increased \$129,287. Unrestricted net position increased \$130,354.
- General revenues accounted for \$11,637,356 in revenue or 82% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants, contributions, and interest accounted for \$2,628,333 or 18% of total revenues of \$14,256,689.
- The School District had \$13,842,682 in expenses related to governmental activities; only \$2,628,333 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$11,637,356 were adequate to provide for these programs.

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The analysis of the School District's major funds begins on page 12. 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 funds are the General Fund and the Straight A Transportation Special Revenue Fund.

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

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

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

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
 Unaudited

Reporting the School District's Fiduciary Responsibilities

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

Table 1 - Net Position

	2015	Restated 2014	Change
Assets			
Current and Other Assets	\$10,985,167	\$10,590,163	\$395,004
Capital Assets, Net	4,940,390	4,784,951	155,439
<i>Total Assets</i>	<u>15,925,557</u>	<u>15,375,114</u>	<u>550,443</u>
Deferred Outflows of Resources			
Pension	872,658	721,659	150,999
Liabilities			
Current and Other Liabilities	1,884,854	1,790,158	94,696
Long-term Liabilities:			
Due within One Year	126,554	112,531	14,023
Due in More Than One Year:			
Net Pension Liability	12,108,746	14,386,952	(2,278,206)
Other Amounts	1,092,339	1,183,965	(91,626)
<i>Total Liabilities</i>	<u>15,212,493</u>	<u>17,473,606</u>	<u>(2,261,113)</u>
Deferred Inflows of Resources			
Property Taxes	2,608,557	2,257,389	351,168
Pension	2,188,380	0	2,188,380
<i>Total Deferred Inflows of Resources</i>	<u>4,796,937</u>	<u>2,257,389</u>	<u>2,539,548</u>
Net Position			
Net Investment in Capital Assets	4,254,290	4,090,924	163,366
Restricted	679,547	550,260	129,287
Unrestricted	(8,145,052)	(8,275,406)	130,354
<i>Total Net Position</i>	<u>(\$3,211,215)</u>	<u>(\$3,634,222)</u>	<u>\$423,007</u>

During fiscal year 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$10,031,071 to (\$3,211,215.)

Total assets of governmental activities increased \$550,443. Current assets increased \$395,004. Current assets increased primarily due to an increase in property taxes receivable of \$516,030 and a \$721,380 increase in equity in pooled cash and cash equivalents. These increases were offset by a decrease in cash and cash equivalents with fiscal agent of \$518,657 and a decrease in intergovernmental receivable of \$310,090. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely.

Total liabilities decreased \$2,261,113. Current and other liabilities increased \$94,696 primarily due to an increase in matured compensated absences payable of \$95,942. Long-term liabilities decreased \$2,355,809.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2015, and comparisons to fiscal year 2014.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
 Unaudited

Table 2 - Changes in Net Position

	2015	2014	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,192,693	\$1,192,214	\$479
Operating Grants, Contributions and Interest	1,435,640	2,101,707	(666,067)
Total Program Revenues	<u>2,628,333</u>	<u>3,293,921</u>	<u>(665,588)</u>
General Revenues:			
Property Taxes	4,187,306	2,587,398	1,599,908
Grants and Entitlements	7,328,611	5,489,872	1,838,739
Investment Earnings	30,700	15,649	15,051
Gifts and Donations	1,000	4,494	(3,494)
Rent	48,573	886	47,687
Miscellaneous	41,166	21,471	19,695
Total General Revenues	<u>11,637,356</u>	<u>8,119,770</u>	<u>3,517,586</u>
Total Revenues	<u>14,265,689</u>	<u>11,413,691</u>	<u>2,851,998</u>
Program Expenses			
Instruction:			
Regular	5,164,090	4,875,844	288,246
Special	1,241,721	1,170,479	71,242
Vocational	322,336	341,288	(18,952)
Adult/Continuing	0	8,251	(8,251)
Support Services:			
Pupils	531,238	505,501	25,737
Instructional Staff	438,538	525,403	(86,865)
Board of Education	19,699	99,056	(79,357)
Administration	1,130,336	1,110,906	19,430
Fiscal	474,124	455,578	18,546
Business	19,813	18,357	1,456
Operation and Maintenance of Plant	908,494	913,424	(4,930)
Pupil Transportation	1,096,679	1,000,251	96,428
Intergovernmental	1,572,556	0	1,572,556
Central	174,300	4,903	169,397
Operation of Non-Instructional Services:			
Food Service Operations	523,837	512,256	11,581
Extracurricular Activities	203,100	226,020	(22,920)
Interest and Fiscal Charges	21,821	20,463	1,358
Total Expenses	<u>13,842,682</u>	<u>11,787,980</u>	<u>2,054,702</u>
Change in Net Position	423,007	(374,289)	797,296
Net Position Beginning of Year	(3,634,222)	N/A	
Net Position End of Year	<u>(\$3,211,215)</u>	<u>(\$3,634,222)</u>	<u>\$423,007</u>

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
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The information necessary to restate the fiscal year 2014 beginning balances and the fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, fiscal year 2014 functional expenses still include pension expense of \$721,659 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the fiscal year 2015 statements report pension expense of \$517,806. Consequently, in order to compare fiscal year 2015 total program expenses to fiscal year 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$13,842,682
Pension expense under GASB 68	(517,806)
2015 contractually required contribution	<u>758,631</u>
Adjusted 2015 program expenses	14,083,507
Total 2014 program expenses under GASB 27	<u>11,787,980</u>
Increase in program expenses not related to pension	<u><u>\$2,295,527</u></u>

Federal program awards declined 17% compared to 2014 funding levels. The Title I Grants and Special Education Cluster continue to suffer from federal level budget cuts. Additionally, the Race to the Top and Ohio Appalachian Collaborative awards were being phased out in 2015. Approximately 63% of the School District's general revenues are received from the State.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property valuation increases, thus generating about the same revenue. Lastly, property taxes made up approximately 36% of general revenues for governmental activities for the School District in fiscal year 2015.

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.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
 Unaudited

Table 3
 Cost of Services
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015	2015	2014	2014
Program Expenses				
Instruction:				
Regular	\$5,164,090	\$4,111,671	\$4,875,844	\$3,410,724
Special	1,241,721	644,706	1,170,479	543,824
Vocational	322,336	283,118	341,288	272,556
Adult/Continuing	0	0	8,251	8,251
Support Services:				
Pupils	531,238	485,377	505,501	427,368
Instructional Staff	438,538	254,564	525,403	325,545
Board of Education	19,699	19,699	99,056	99,056
Administration	1,130,336	981,456	1,110,906	895,520
Fiscal	474,124	473,180	455,578	452,828
Business	19,813	19,813	18,357	18,357
Operation and Maintenance of Plant	908,494	908,094	913,424	912,809
Pupil Transportation	1,096,679	1,064,696	1,000,251	975,014
Intergovernmental	1,572,556	1,572,556	0	0
Central	174,300	173,223	4,903	2,875
Operation of Non-Instructional Services:				
Food Service Operations	523,837	94,208	512,256	27,320
Extracurricular Activities	203,100	106,167	226,020	101,549
Interest and Fiscal Charges	21,821	21,821	20,463	20,463
Total	\$13,842,682	\$11,214,349	\$11,787,980	\$8,494,059

The dependence upon tax revenues and State subsidies for governmental activities is apparent. 81% of program expenses are supported through taxes, unrestricted grants and entitlements, 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 \$14,695,528 and expenditures of \$13,784,653. The School District continued to focus its efforts to monitor expenditures, with modest increases in supply and purchased services budgets, as well as maintaining current personnel staffing levels.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
 Unaudited

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 year 2015, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$10,860,534. Original estimated revenues were increased \$1,019,887. Final revenue of \$10,860,534 was \$32,966 above final budget basis revenue of \$10,827,568. This is mainly due to the result of underestimating intergovernmental revenues. Final expenditures of \$10,196,386 were \$309,902 below the final appropriations of \$10,506,288. Original appropriations were increased \$311,291.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the School District had \$4,940,390 invested in capital assets. See Note 10 for more detailed information. Table 4 shows fiscal year 2015 balances compared to 2014.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	\$20,925	\$20,925
Construction in Progress	8,528	0
Buildings and Improvements	3,955,806	4,072,846
Furniture and Equipment	271,474	166,929
Vehicles	683,656	524,251
Totals	\$4,940,390	\$4,784,951

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
 Unaudited

Debt

During fiscal year 2015, the School District had the following changes in long-term obligations:

	Principal Outstanding 6/30/14	Additions	Deductions	Principal Outstanding 6/30/15	Amounts Due within One Year
2012 Energy Conservation Improvement Bonds:					
Term Bonds - 1.00% - 2.70%	\$660,000	\$0	\$45,000	\$615,000	\$45,000
Premium on Bonds	20,552	0	1,655	18,897	0
Original Issue of Capital					
Appreciation Bonds - 27.29061%	15,000	0	0	15,000	0
Accretion on Capital					
Appreciation Bonds	8,756	6,904	0	15,660	0
Total Bonds	<u>704,308</u>	<u>6,904</u>	<u>46,655</u>	<u>664,557</u>	<u>45,000</u>
Net Pension Liability:					
STRS	11,706,605	0	1,878,978	9,827,627	0
SERS	2,680,347	0	399,228	2,281,119	0
Total Net Pension Liability	<u>14,386,952</u>	<u>0</u>	<u>2,278,206</u>	<u>12,108,746</u>	<u>0</u>
Capital Leases Payable	19,027	51,000	22,455	47,572	9,831
Sick Leave Benefits Payable	573,161	121,090	187,487	506,764	71,723
Totals	<u>\$15,683,448</u>	<u>\$178,994</u>	<u>\$2,534,803</u>	<u>\$13,327,639</u>	<u>\$126,554</u>

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

Current Issues

In each of the past nine years (except 2010), the School District's revenues have exceeded expenditures, primarily due to the significant personnel and budget cuts enacted in 2005. However, the School District's current five-year forecast projects expenditures to begin exceeding revenues in fiscal year 2017. This forecasted deficit spending takes into account both decreased state foundation funding and increased expenditures in payroll and benefits. State foundation funding is based on a formula that takes into account the student enrollment and the property wealth of the School District. With the School District's overall student enrollment continuing to decline and property wealth continuing to rise, the School District's state share index has decreased from 37.9 to 33.2, resulting in decreased state foundation funding. Maintaining current staffing levels and increased costs for health insurance will result in increased payroll and benefit expenditures.

A levy was placed on the November, 2010, ballot for renovations to the elementary school, new construction of a high school, and operations within the School District. The levy failed and no levies have been passed on the ballot since that time.

Noble Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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

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

Contacting the School District's Financial Management

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

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Noble Local School District, Ohio

Statement of Net Position

June 30, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,269,887
Cash and Cash Equivalents with Fiscal Agent	2,046,241
Inventory Held for Resale	2,569
Materials and Supplies Inventory	30,569
Intergovernmental Receivable	469,386
Prepaid Items	40,694
Accounts Receivable	28,756
Property Taxes Receivable	4,097,065
Nondepreciable Capital Assets	29,453
Depreciable Capital Assets, Net	4,910,937
<i>Total Assets</i>	<u>15,925,557</u>
Deferred Outflows of Resources	
Pension	<u>872,658</u>
Liabilities	
Accounts Payable	108,623
Accrued Wages and Benefits Payable	1,028,778
Contracts Payable	8,528
Matured Compensated Absences Payable	162,576
Intergovernmental Payable	277,068
Accrued Interest Payable	1,123
Vacation Benefits Payable	56,047
Claims Payable	242,111
Long-Term Liabilities:	
Due Within One Year	126,554
Due In More Than One Year:	
Net Pension Liability (See Note 15)	12,108,746
Other Amounts Due in More Than One Year	1,092,339
<i>Total Liabilities</i>	<u>15,212,493</u>
Deferred Inflows of Resources	
Property Taxes	2,608,557
Pension	<u>2,188,380</u>
<i>Total Deferred Inflows of Resources</i>	<u>4,796,937</u>
Net Position	
Net Investment in Capital Assets	4,254,290
Restricted for:	
Unclaimed Monies	379
State Programs	2,113
Federal Programs	37,439
Food Service	364,195
Student Activities	15,475
Intergovernmental	190,477
Other Purposes	69,469
Unrestricted (Deficit)	<u>(8,145,052)</u>
<i>Total Net Position</i>	<u><u>(\$3,211,215)</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, 2015

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$5,164,090	\$865,517	\$186,902	(\$4,111,671)
Special	1,241,721	52,432	544,583	(644,706)
Vocational	322,336	0	39,218	(283,118)
Support Services:				
Pupils	531,238	0	45,861	(485,377)
Instructional Staff	438,538	0	183,974	(254,564)
Board of Education	19,699	0	0	(19,699)
Administration	1,130,336	0	148,880	(981,456)
Fiscal	474,124	0	944	(473,180)
Business	19,813	0	0	(19,813)
Operation and Maintenance of Plant	908,494	400	0	(908,094)
Pupil Transportation	1,096,679	13,500	18,483	(1,064,696)
Intergovernmental	1,572,556	0	0	(1,572,556)
Central	174,300	0	1,077	(173,223)
Operation of Non-Instructional Services:				
Food Service Operations	523,837	171,507	258,122	(94,208)
Extracurricular Activities	203,100	89,337	7,596	(106,167)
Interest and Fiscal Charges	21,821	0	0	(21,821)
Totals	\$13,842,682	\$1,192,693	\$1,435,640	(11,214,349)
General Revenues				
Property Taxes Levied for General Purposes				4,187,306
Grants and Entitlements not Restricted to Specific Programs				7,328,611
Investment Earnings				30,700
Gifts and Donations				1,000
Rent				48,573
Miscellaneous				41,166
<i>Total General Revenues</i>				<u>11,637,356</u>
<i>Change in Net Position</i>				423,007
<i>Net Position (Deficit) Beginning of Year</i>				<u>(3,634,222)</u>
<i>Net Position (Deficit) End of Year</i>				<u><u>(\$3,211,215)</u></u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2015

	General	Straight A Transportation	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,703,991	\$0	\$565,517	\$4,269,508
Receivables:				
Property Taxes	4,097,065	0	0	4,097,065
Accounts	27,383	0	1,373	28,756
Intergovernmental	15,921	246,545	206,920	469,386
Interfund	134,159	0	0	134,159
Prepaid Items	30,705	0	9,989	40,694
Inventory Held for Resale	0	0	2,569	2,569
Materials and Supplies Inventory	29,189	0	1,380	30,569
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	379	0	0	379
<i>Total Assets</i>	<u>\$8,038,792</u>	<u>\$246,545</u>	<u>\$787,748</u>	<u>\$9,073,085</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$71,048	\$0	\$37,575	\$108,623
Accrued Wages and Benefits Payable	913,761	0	115,017	1,028,778
Contracts Payable	0	0	8,528	8,528
Matured Compensated Absences Payable	162,576	0	0	162,576
Interfund Payable	0	0	134,159	134,159
Intergovernmental Payable	203,774	56,068	17,226	277,068
<i>Total Liabilities</i>	<u>1,351,159</u>	<u>56,068</u>	<u>312,505</u>	<u>1,719,732</u>
Deferred Inflows of Resources				
Property Taxes	2,608,557	0	0	2,608,557
Unavailable Revenue	99,410	0	121,126	220,536
Total Deferred Inflows of Resources	<u>2,707,967</u>	<u>0</u>	<u>121,126</u>	<u>2,829,093</u>
Fund Balances				
Nonspendable	60,273	0	11,369	71,642
Restricted	64,038	190,477	23,019	277,534
Assigned	1,870,212	0	533,208	2,403,420
Unassigned (Deficit)	1,985,143	0	(213,479)	1,771,664
<i>Total Fund Balance</i>	<u>3,979,666</u>	<u>190,477</u>	<u>354,117</u>	<u>4,524,260</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,038,792</u>	<u>\$246,545</u>	<u>\$787,748</u>	<u>\$9,073,085</u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2015*

Total Governmental Fund Balances		\$4,524,260
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,940,390
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Delinquent Property Taxes	72,364	
Grants	122,374	
Tuition and Fees	25,798	220,536
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net position.		1,804,130
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.		(1,123)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	872,658	
Deferred Inflows - Pension	(2,188,380)	
Net Pension Liability	(12,108,746)	(13,424,468)
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.		(56,047)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Lease Payable	(47,572)	
Bonds Payable	(664,557)	
Sick Leave Benefits Payable	(506,764)	(1,218,893)
Net Position of Governmental Activities		(\$3,211,215)

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, 2015

	General	Straight A Transportation	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$4,230,952	\$0	\$0	\$4,230,952
Intergovernmental	5,869,199	1,763,033	1,522,278	9,154,510
Investment Earnings	12,327	0	27	12,354
Charges for Services	13,500	0	171,507	185,007
Tuition and Fees	916,458	0	0	916,458
Extracurricular Activities	29,268	0	60,069	89,337
Rent	48,973	0	0	48,973
Gifts and Donations	11,521	0	5,250	16,771
Miscellaneous	27,768	0	13,398	41,166
<i>Total Revenues</i>	<u>11,159,966</u>	<u>1,763,033</u>	<u>1,772,529</u>	<u>14,695,528</u>
Expenditures				
Current:				
Instruction:				
Regular	4,652,743	0	329,974	4,982,717
Special	806,530	0	377,750	1,184,280
Vocational	311,499	0	0	311,499
Support Services:				
Pupils	532,593	0	571	533,164
Instructional Staff	247,005	0	180,677	427,682
Board of Education	15,168	0	1,000	16,168
Administration	908,125	0	184,914	1,093,039
Fiscal	464,493	0	1,155	465,648
Business	19,813	0	0	19,813
Operation and Maintenance of Plant	950,100	0	0	950,100
Pupil Transportation	1,122,088	0	78,698	1,200,786
Central	640	0	173,718	174,358
Operation of Non-Instructional Services	0	0	501,131	501,131
Extracurricular Activities	135,016	0	77,746	212,762
Capital Outlay	0	0	54,885	54,885
Intergovernmental	0	1,572,556	0	1,572,556
Debt Service:				
Principal Retirement	67,455	0	0	67,455
Interest and Fiscal Charges	16,610	0	0	16,610
<i>Total Expenditures</i>	<u>10,249,878</u>	<u>1,572,556</u>	<u>1,962,219</u>	<u>13,784,653</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>910,088</u>	<u>190,477</u>	<u>(189,690)</u>	<u>910,875</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	51,000	0	0	51,000
Proceeds from Sale of Capital Assets	4,500	0	0	4,500
Transfers In	0	0	544,415	544,415
Transfers Out	(544,415)	0	0	(544,415)
<i>Total Other Financing Sources (Uses)</i>	<u>(488,915)</u>	<u>0</u>	<u>544,415</u>	<u>55,500</u>
<i>Net Change in Fund Balance</i>	421,173	190,477	354,725	966,375
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>3,558,493</u>	<u>0</u>	<u>(608)</u>	<u>3,557,885</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,979,666</u></u>	<u><u>\$190,477</u></u>	<u><u>\$354,117</u></u>	<u><u>\$4,524,260</u></u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds \$966,375

*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 capital outlays exceeded depreciation:

Capital Asset Additions	483,883	
Depreciation Expense	<u>(315,616)</u>	168,267

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 and loss on disposal of assets:

Loss on Disposal of Capital Assets	(8,328)	
Proceeds From Sale of Capital Assets	<u>(4,500)</u>	(12,828)

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

Delinquent Property Taxes	(43,646)	
Grants	(406,030)	
Tuition and Fees	<u>1,491</u>	(448,185)

Repayment of principal and accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

Energy Conservation Bonds	45,000	
Capital Leases	<u>22,455</u>	67,455

The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net position. (51,000)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Bond Premiums	1,655	
Annual Accretion	(6,904)	
Interest Payable	<u>38</u>	(5,211)

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows. 758,631

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (517,806)

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	3,135	
Sick Leave Benefits Payable	<u>66,397</u>	69,532

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. (572,223)

Change in Net Position of Governmental Activities \$423,007

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, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$3,495,025	\$4,023,367	\$4,023,382	\$15
Intergovernmental	5,483,410	5,767,903	5,795,239	27,336
Investment Earnings	11,600	11,600	12,481	881
Charges for Services	0	13,500	13,500	0
Tuition and Fees	778,298	917,998	921,267	3,269
Extracurricular Activities	27,000	25,165	25,544	379
Rent	300	48,883	48,883	0
Gifts and Donations	2,000	9,175	9,175	0
Miscellaneous	10,048	9,977	11,063	1,086
<i>Total Revenues</i>	9,807,681	10,827,568	10,860,534	32,966
Expenditures				
Current:				
Instruction:				
Regular	4,600,152	4,740,613	4,548,970	191,643
Special	784,857	808,822	806,907	1,915
Vocational	321,882	331,710	328,114	3,596
Support Services:				
Pupils	487,831	502,726	498,976	3,750
Instructional Staff	261,900	269,897	262,241	7,656
Board of Education	49,019	50,516	50,253	263
Administration	858,136	884,338	878,219	6,119
Fiscal	483,120	497,871	479,688	18,183
Business	19,338	19,928	19,813	115
Operation and Maintenance of Plant	971,135	1,000,787	991,114	9,673
Pupil Transportation	1,174,901	1,210,775	1,146,309	64,466
Central	701	722	708	14
Operation of Non-Instructional Services	2,540	2,618	165	2,453
Extracurricular Activities	122,514	126,255	126,199	56
Debt Service:				
Principal	43,667	45,000	45,000	0
Interest and Fiscal Charges	13,304	13,710	13,710	0
<i>Total Expenditures</i>	10,194,997	10,506,288	10,196,386	309,902
<i>Excess of Revenues Over (Under) Expenditures</i>	(387,316)	321,280	664,148	342,868
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	4,500	4,500
Refund of Prior Year Expenditures	0	0	46,349	46,349
Advances Out	(544,415)	(544,415)	(544,415)	0
Transfers Out	(28,322)	(28,322)	(28,322)	0
<i>Total Other Financing Sources (Uses)</i>	(572,737)	(572,737)	(521,888)	50,849
<i>Net Change in Fund Balance</i>	(960,053)	(251,457)	142,260	393,717
<i>Fund Balance Beginning of Year</i>	3,308,340	3,308,340	3,308,340	0
Prior Year Encumbrances Appropriated	207,450	207,450	207,450	0
<i>Fund Balance End of Year</i>	\$2,555,737	\$3,264,333	\$3,658,050	\$393,717

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)
Straight A Transportation
For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,760,000	\$1,763,900	\$1,516,488	(\$247,412)
Expenditures				
Intergovernmental	1,760,000	1,675,493	1,516,488	159,005
<i>Net Change in Fund Balance</i>	0	88,407	0	(88,407)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$88,407</u>	<u>\$0</u>	<u>(\$88,407)</u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio

Statement of Fund Net Position

Internal Service Fund

June 30, 2015

	Medical, Dental, and Vision Self-Insurance
Current Assets	
Cash and Cash Equivalents with Fiscal Agent	\$2,046,241
Current Liabilities	
Claims Payable	<u>242,111</u>
Net Position	
Unrestricted	<u><u>\$1,804,130</u></u>

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
*Statement of Revenues,
 Expenses and Changes in Fund Net Position
 Internal Service Fund
 For the Fiscal Year Ended June 30, 2015*

	Medical, Dental, and Vision Self-Insurance
Operating Revenues	
Charges for Services	\$1,828,971
Operating Expenses	
Purchased Services	342,579
Claims	2,076,961
<i>Total Operating Expenses</i>	2,419,540
<i>Operating Loss</i>	(590,569)
Non-Operating Revenues:	
Interest	18,346
<i>Change in Net Position</i>	(572,223)
<i>Net Position Beginning of Year</i>	2,376,353
<i>Net Position End of Year</i>	\$1,804,130

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, 2015

	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	\$1,828,971
Cash Payments to Suppliers for Services	(342,579)
Cash Payments for Claims	(2,023,395)
<i>Net Cash Used for Operating Activities</i>	(537,003)
Cash Flows from Investing Activities:	
Interest	18,346
Net Decrease in Cash and Cash Equivalents	(518,657)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,564,898
<i>Cash and Cash Equivalents End of Year</i>	\$2,046,241
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$590,569)
Changes in Liabilities	
Increase in Claims Payable	53,566
<i>Net Cash Used for Operating Activities</i>	(\$537,003)
See accompanying notes to the basic financial statements	

Noble Local School District, Ohio

Statement of Net Position

Fiduciary Funds

June 30, 2015

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$34,138	\$25,269
Liabilities		
Due to Students	0	\$25,269
Net Position		
Endowments	33,500	
Held in Trust for Scholarships	638	
Total Net Position	\$34,138	

See accompanying notes to the basic financial statements

Noble Local School District, Ohio
Statement of Changes in Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2015

	Private Purpose Trust
	Scholarships
Additions	
Interest	\$151
Deductions	
Scholarships	112
<i>Change in Net Position</i>	39
<i>Net Position Beginning of Year</i>	34,099
<i>Net Position End of Year</i>	\$34,138

See accompanying notes to the basic financial statements

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Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 45 classified employees and 75 certified full time teaching personnel who provide services to 920 students and other community members.

Reporting Entity:

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Governmental Fund Types:

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

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

Straight A Transportation Fund - The Straight A Transportation Fund accounts for monies received through the State Straight A program. The monies were restricted for transportation improvements.

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

Proprietary Fund Type:

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

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

Fiduciary Fund Types:

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. (See Note 13)

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

E. Budgetary Process

All funds, other than agency funds, 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 sets 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 for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer has been authorized to further allocate appropriations to the function and object level within each fund. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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 by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from the prior fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education 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 the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statements as "cash and cash equivalents with fiscal agents".

During fiscal year 2015, the School District's investments were limited to certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$12,327, which includes \$5,217 assigned from other School District funds.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, 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 Position but are not reported on the fund financial statements.

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

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

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unclaimed monies. Unclaimed monies that are required to be held for five years before they may be utilized by the School District are reported as restricted.

K. Compensated Absences

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

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

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

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

L. Bond Premium

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

M. Accrued Liabilities and Long-term Obligations

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

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

N. Internal Activity

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

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

O. Fund Balance

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

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

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

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

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

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

P. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for scholarships not held in trust that are restricted for specified purposes.

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

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

R. 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.

S. 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.

T. 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.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 3 - Changes in Accounting Principle and Restatement of Net Position

For fiscal year 2015, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," and Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB Statement No. 68 establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure.

Property taxes were overstated in the prior year. This and the implementation of the new pronouncement had the following effects on net position as reported June 30, 2014:

Net Position June 30, 2014	\$11,240,318
Adjustments:	
Property Taxes	(1,209,247)
Net Pension Liability	(14,386,952)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>721,659</u>
Restated Net Position June 30, 2014	<u><u>(\$3,634,222)</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 4 - Fund Balances

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Fund Balances	General Fund	Straight A Transportation	Other Governmental Funds	Total
Nonspendable:				
Prepays	\$30,705	\$0	\$9,989	\$40,694
Unclaimed Monies	379	0	0	379
Materials and Supplies Inventory	29,189	0	1,380	30,569
<i>Total Nonspendable</i>	<u>60,273</u>	<u>0</u>	<u>11,369</u>	<u>71,642</u>
Restricted for:				
Teacher Credentialing	3,972	0	0	3,972
State Grant Expenditures	0	0	2,113	2,113
Student Development	60,066	0	0	60,066
Transportation	0	190,477	0	190,477
Scholarships	0	0	5,431	5,431
Athletic Programs	0	0	15,475	15,475
<i>Total Restricted</i>	<u>64,038</u>	<u>190,477</u>	<u>23,019</u>	<u>277,534</u>
Assigned to:				
Capital Improvements	0	0	533,208	533,208
Public School Support	8,851	0	0	8,851
Purchases on Order	33,438	0	0	33,438
Fiscal Year 2016 Appropriations	1,827,923	0	0	1,827,923
<i>Total Assigned</i>	<u>1,870,212</u>	<u>0</u>	<u>533,208</u>	<u>2,403,420</u>
Unassigned:	1,985,143	0	(213,479)	1,771,664
<i>Total Fund Balances</i>	<u>\$3,979,666</u>	<u>\$190,477</u>	<u>\$354,117</u>	<u>\$4,524,260</u>

Note 5 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2015:

	<u>Deficits</u>
Special Revenue Funds:	
Food Service	\$118,423
Race to the Top	4,480
Miscellaneous Federal Grants	79,207
	<u>\$202,110</u>

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 6 - Budgetary Basis of Accounting

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

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

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Net Change in Fund Balance

	General Fund	Straight A Transportation
GAAP Basis	\$421,173	\$190,477
Revenue Accruals	(293,626)	(246,545)
Expenditure Accruals	55,091	56,068
Prepaid Items:		
Beginning of Fiscal Year	30,952	0
End of Fiscal Year	(30,705)	0
Debt Principal	22,455	0
Interest and Fiscal Charges	2,900	0
Cash Deficits	51,155	0
Transfers Out	516,093	0
Advances In	0	0
Advances Out	(544,415)	0
To reclassify excess of expenditures over revenues into financial statement fund types	(33)	0
Encumbrances	(88,780)	0
Budget Basis	\$142,260	\$0

Note 7 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

At June 30, 2015, the School District's internal service fund had a cash balance of \$2,046,241 with Jefferson Health Plan Self-Insurance Plan, a claims servicing pool (See Note 21). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and, therefore, cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,552,425 of the School District's bank balance of \$4,552,425 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

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

Investments As of June 30, 2015, the School District had no investments.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Guernsey, Monroe, and Noble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility taxes which are measurable as of June 30, 2015, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2015, was \$1,416,144 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 2014, was \$1,207,636 in the General Fund.

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

Noble Local School District, Ohio
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The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$101,300,160	62.78%	\$118,866,700	59.98%
Commerical/Industrial and Public Utility Real	4,741,690	2.94%	17,588,840	8.88%
Public Utility Personal	55,321,380	34.28%	61,719,780	31.14%
	\$161,363,230	100.00%	\$198,175,320	100.00%
Tax Rate per \$1,000 of assessed valuation		\$30.50		\$30.50

Note 9 - Receivables

Receivables at June 30, 2015, consisted of property taxes, accounts (billings for user charged services and student 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. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Straight A Grant	\$246,545
Ohio Teacher Incentive Grants	61,173
Title I	29,480
Race to the Top Grants	17,541
Food Service	377
Special Education, Part B-IDEA	74,685
Title VI-B, Rural and Low Income	23,289
Athletic & Music	375
Summer Youth Employment	7,341
Medicaid Reimbursement	7,332
Foundation Adjustments	1,248
Total	\$469,386

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2015</u>
Nondepreciable Capital Assets:				
Land	\$20,925	\$0	\$0	\$20,925
Construction in Progress	<u>0</u>	<u>8,528</u>	<u>0</u>	<u>8,528</u>
Total Capital Assets not being Depreciated	<u>20,925</u>	<u>8,528</u>	<u>0</u>	<u>29,453</u>
Depreciable Capital Assets:				
Land Improvements	782,281	0	0	782,281
Buildings and Improvements	8,865,394	70,939	0	8,936,333
Furniture and Equipment	767,003	146,412	(133,588)	779,827
Vehicles	<u>1,549,017</u>	<u>258,004</u>	<u>(151,293)</u>	<u>1,655,728</u>
Total Capital Assets being Depreciated	<u>11,963,695</u>	<u>475,355</u>	<u>(284,881)</u>	<u>12,154,169</u>
Less Accumulated Depreciation:				
Land Improvements	(782,281)	0	0	(782,281)
Buildings and Improvements	(4,792,548)	(187,979)	0	(4,980,527)
Furniture and Equipment	(600,074)	(29,039)	120,760	(508,353)
Vehicles	<u>(1,024,766)</u>	<u>(98,598)</u>	<u>151,293</u>	<u>(972,071)</u>
Total Accumulated Depreciation	<u>(7,199,669)</u>	<u>(315,616)</u>	<u>272,053</u>	<u>(7,243,232)</u>
Total Capital Assets being Depreciated, Net	<u>4,764,026</u>	<u>159,739</u>	<u>(12,828)</u>	<u>4,910,937</u>
Capital Assets, Net	<u>\$4,784,951</u>	<u>\$168,267</u>	<u>(\$12,828)</u>	<u>\$4,940,390</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$95,581
Special	32,851
Vocational	6,126
Support Services:	
Pupils	9,816
Instructional Staff	4,735
Administration	17,626
Fiscal	2,522
Operation and Maintenance of Plant	25,584
Pupil Transportation	100,073
Food Service Operations	18,325
Extracurricular Activities	<u>2,377</u>
Total Depreciation Expense	<u>\$315,616</u>

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 11 - Significant Commitments

A. Contractual Commitments

As of June 30, 2015, the School District had contractual purchase commitments as follows:

	Purchase Commitments	Amounts Paid as of 6/30/2015	Amount Remaining on Contract
Roof Project:			
Permanent Improvement Fund	\$10,200	\$8,528	\$1,672

B. Encumbrances

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

General Fund	\$89,260
Nonmajor Funds	66,177
Total	\$155,437

Note 12 - Risk Management

A. Property and Liability

The School District was exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District contracted with Ohio Casualty Insurance for the following commercial coverage:

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

Blanket property coverage for fiscal year 2015 was \$33,955,566. The deductible was \$5,000. Crime coverage had a limit of \$10,000 per loss and a \$500 deductible. Inland marine coverage had limits of \$50,000 to \$187,946 and a \$1,000 deductible. General liability coverage included a \$1,000,000 each occurrence limit and a \$2,000,000 aggregate limit and no deductible. Business auto coverage included liability, medical payments, uninsured motorists, underinsured motorists, comprehensive, and collision. Auto liability had a \$1,000,000 combined single limit of liability and no deductible while the deductibles for both comprehensive and collision were \$1,000 for buses and \$500 for other vehicles.

Noble Local School District, Ohio
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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 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

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 \$242,111 reported in the internal service fund at June 30, 2015, is based on an estimate by Jefferson Health Plan and the application of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for 2014 and 2015 were:

	Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2014	\$229,637	\$1,644,605	\$1,685,697	\$188,545
2015	188,545	2,076,961	2,023,395	242,111

Note 13 - Defined Benefit Pension Plans

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
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Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Noble Local School District, Ohio
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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$170,173 for fiscal year 2015. Of this amount \$15,925 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
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New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$588,458 for fiscal year 2015. Of this amount \$81,226 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,281,119	\$9,827,627	\$12,108,746
Proportion of the Net Pension Liability	0.045073%	0.04040390%	
Pension Expense	\$133,481	\$384,325	\$517,806

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Notes to the Basic Financial Statements
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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$19,415	\$94,612	\$114,027
School District contributions subsequent to the measurement date	<u>170,173</u>	<u>588,458</u>	<u>758,631</u>
Total Deferred Outflows of Resources	<u>\$189,588</u>	<u>\$683,070</u>	<u>\$872,658</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$370,232</u>	<u>\$1,818,148</u>	<u>\$2,188,380</u>

\$758,631 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	(\$87,655)	(\$430,884)	(\$518,539)
2017	(87,655)	(430,884)	(518,539)
2018	(87,655)	(430,884)	(518,539)
2019	<u>(87,852)</u>	<u>(430,884)</u>	<u>(518,736)</u>
Total	<u>(\$350,817)</u>	<u>(\$1,723,536)</u>	<u>(\$2,074,353)</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$3,254,479	\$2,281,119	\$1,462,439

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June

Noble Local School District, Ohio
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30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$14,069,319	\$9,827,627	\$6,240,582

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2015, no Board Members have elected Social Security. The contribution rate would be 6.2 percent of wages.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition,

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$22,955.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$10,587, \$34,227, and \$32,559, respectively. For fiscal year 2015, 94.14 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$0, \$40,628, and \$37,452 respectively. The full amount has been contributed for all fiscal years.

Note 15 - Other Employee Benefits

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

All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 245 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 61.25 days for both certified and classified employees. For all days remaining beyond the maximum, classified employees are paid \$14 per day.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 16 - Capital Leases

In the current and prior fiscal years, the School District entered into agreements to lease copiers. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures in the financial statements for the governmental funds for \$22,445. The capital lease obligation represents the present value of the net future minimum lease payments on the capital lease.

Book value related to this lease is as follows:

	Governmental Activities
Furniture and Equipment	\$98,988
Less Accumulated Depreciation	(35,116)
Total June 30, 2015	\$63,872

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, 2015.

Fiscal Year	Principal	Interest	Total
2016	\$9,831	\$2,252	\$12,083
2017	11,222	1,834	13,056
2018	11,876	1,179	13,055
2019	11,750	501	12,251
2020	2,893	26	2,919
Total	\$47,572	\$5,792	\$53,364

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 17 - Long-Term Obligations

Changes in general long-term obligations of the School District during fiscal year 2015 were as follows:

	Principal Outstanding 6/30/14	Additions	Deductions	Principal Outstanding 6/30/15	Amounts Due within One Year
2012 Energy Conservation Improvement Bonds:					
Term Bonds - 1.00% - 2.70%	\$660,000	\$0	\$45,000	\$615,000	\$45,000
Premium on Bonds	20,552	0	1,655	18,897	0
Capital Appreciation Bonds - 27.29061%	15,000	0	0	15,000	0
Accretion on Capital Appreciation Bonds	8,756	6,904	0	15,660	0
Total Bonds	<u>704,308</u>	<u>6,904</u>	<u>46,655</u>	<u>664,557</u>	<u>45,000</u>
Net Pension Liability:					
STRS	11,706,605	0	1,878,978	9,827,627	0
SERS	2,680,347	0	399,228	2,281,119	0
Total Net Pension Liability	<u>14,386,952</u>	<u>0</u>	<u>2,278,206</u>	<u>12,108,746</u>	<u>0</u>
Capital Leases Payable	19,027	51,000	22,455	47,572	9,831
Sick Leave Benefits Payable	573,161	121,090	187,487	506,764	71,723
Total Long-Term Obligations	<u>\$15,683,448</u>	<u>\$178,994</u>	<u>\$2,534,803</u>	<u>\$13,327,639</u>	<u>\$126,554</u>

The capital leases will be paid from the General Fund. Sick leave benefits will be paid from the General Fund and Food Service Special Revenue Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability, see Note 13.

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

The capital appreciation bonds will mature in fiscal year 2017. The maturity amount of the bonds is \$45,000. For the fiscal year 2015, \$6,904 was accreted for a total bond value of \$30,660.

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Date	Principal Amount To Be Redeemed
2017	\$45,000
2018	50,000

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

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

Date	Principal Amount To Be Redeemed
2020	\$50,000
2021	50,000

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

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

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

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

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Principal and interest requirements to retire the bonds outstanding at June 30, 2015, were as follows:

Fiscal Year Ending	Term Bonds		Capital Appreciation	
	Principal	Interest	Principal	Interest
2016	\$45,000	\$13,260	\$0	\$0
2017	0	13,035	15,000	30,000
2018	45,000	12,630	0	0
2019	50,000	11,775	0	0
2020	50,000	10,875	0	0
2021-2025	255,000	38,857	0	0
2026-2028	170,000	7,020	0	0
Total	<u>\$615,000</u>	<u>\$107,452</u>	<u>\$15,000</u>	<u>\$30,000</u>

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

The School District's overall legal debt margin at June 30, 2015, was \$17,835,779, with an unvoted debt margin of \$198,175.

Note 18 - Interfund Activity

A. Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

	Transfer In	Transfer Out
General Fund	\$0	\$544,415
Nonmajor Special Revenue Fund:		
Student Activities	3,945	0
Permanent Improvement Capital Projects Fund	540,470	0
Total All Funds	<u>\$544,415</u>	<u>\$544,415</u>

The transfer to the Student Activities Special Revenue Fund was to help cover the cost of electric for stadium lights. The transfer to the Permanent Improvement Capital Projects Fund was for various construction projects for the School District.

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

B. Interfund Balances

Unpaid interfund cash advances at June 30, 2015, were as follows:

	Receivables	Payables
General Fund	\$134,159	\$0
Nonmajor Special Revenue Funds:		
Food Service	0	83,004
Race to the Top Grant	0	10,419
Federal Grants	0	40,736
	\$134,159	\$134,159
Total All Funds	\$134,159	\$134,159

The interfund receivables/payables are due to cash deficits and from the provision of cash flow resources from the General Fund until the receipt of grant monies by the grant funds. The interfund balances are anticipated to be repaid within one fiscal year.

Note 19 - Jointly Governed Organizations

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

The Oho Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA) was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2015, the total amount paid to OME-RESA from the School District was \$54,518 for technology services and financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

B. *Mid-East Career and Technology Center*

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$325 for fiscal year 2015. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

D. Ohio Coalition for Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During 2015, the School District paid \$467 for membership fees to the Coalition.

Note 20 - Insurance Purchasing Pool

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

Note 21 - Claims Servicing Pool

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

Noble Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 22 - Set-Aside Calculations

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

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

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	169,208
Offsetting Credits	(540,470)
Qualifying Disbursements	<u>(375,651)</u>
Total	<u><u>(\$746,913)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

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

Note 23 - Donor Restricted Endowments

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion are \$33,500. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

Note 24 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

As of June 30, 2015, the School District is currently not a party to any material legal proceedings.

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Noble Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School District's Proportion of the Net Pension Liability	0.045073%	0.045073%
School District's Proportionate Share of the Net Pension Liability	\$2,281,119	\$2,680,347
School District's Covered-Employee Payroll	\$1,312,350	\$1,194,824
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	173.82%	224.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

Noble Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School District's Proportion of the Net Pension Liability	0.04040390%	0.04040390%
School District's Proportionate Share of the Net Pension Liability	\$9,827,627	\$11,706,605
School District's Covered-Employee Payroll	\$4,152,054	\$3,749,200
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	236.69%	312.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

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Noble Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$170,173	\$181,892	\$165,364	\$139,609
Contributions in Relation to the Contractually Required Contribution	<u>(170,173)</u>	<u>(181,892)</u>	<u>(165,364)</u>	<u>(139,609)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,291,143	\$1,312,350	\$1,194,824	\$1,037,984
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$152,829	\$166,395	\$120,806	\$111,671	\$113,577	\$112,920
(152,829)	(166,395)	(120,806)	(111,671)	(113,577)	(112,920)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,215,826	\$1,228,912	\$1,227,701	\$1,137,183	\$1,063,455	\$1,067,297
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Noble Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$588,458	\$539,767	\$487,396	\$562,480
Contributions in Relation to the Contractually Required Contribution	<u>(588,458)</u>	<u>(539,767)</u>	<u>(487,396)</u>	<u>(562,480)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$4,203,271	\$4,152,054	\$3,749,200	\$4,326,769
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
\$516,581	\$514,190	\$478,670	\$483,564	\$442,577	\$455,088
<u>(516,581)</u>	<u>(514,190)</u>	<u>(478,670)</u>	<u>(483,564)</u>	<u>(442,577)</u>	<u>(455,088)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,973,700	\$3,955,308	\$3,682,077	\$3,719,723	\$3,404,438	\$3,500,677
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2014/2015	10.555	\$27,435	\$27,435
Cash Assistance:				
School Breakfast Program	2014/2015	10.553	90,869	90,869
National School Lunch Program	2014/2015	10.555	134,878	134,878
Cash Assistance Subtotal			<u>225,747</u>	<u>225,747</u>
Total Child Nutrition Cluster			<u>253,182</u>	<u>253,182</u>
Total U.S. Department of Agriculture			253,182	253,182
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Grants to Local Educational Agencies	2014 2015	84.010	61,351 <u>264,158</u>	45,278 <u>281,644</u>
Total Title 1 Grants to Local Educational Agencies			325,509	326,922
Special Education Cluster:				
Special Education - Grants to States	2014 2015	84.027	35,881 <u>146,952</u>	26,707 <u>154,369</u>
Total Special Education - Grants to States			182,833	181,076
Special Education - Preschool Grants	2015	84.173	8,166	8,166
Total Special Education Cluster			<u>190,999</u>	<u>189,242</u>
Rural Education	2014 2015	84.358	1,094 <u>4,412</u>	94 <u>4,412</u>
Total Rural Education			5,506	4,506
Improving Teacher Quality State Grants	2014 2015	84.367	19,711 <u>66,398</u>	13,788 <u>68,557</u>
Total Improving Teacher Quality State Grants			86,109	82,345
Teacher Incentive Fund	2014 2015	84.374	68,821 <u>233,619</u>	36,952 <u>242,391</u>
Total Teacher Incentive Fund			302,440	279,343
ARRA - Race to the Top Incentive Grants				
Race to the Top Mini Grant	2014	84.395	0	929
Race to the Top Mini Grant	2015		0	2,601
Race to the Top	2014		12,368	9,746
Race to the Top	2015		1,766	9,584
Ohio Appalachian Collaborative (OAC)	2014		44,184	10,706
Total ARRA - Race to the Top Incentive Grants			<u>58,318</u>	<u>33,566</u>
Total U.S. Department of Education			968,881	915,924
Total Federal Awards Receipts and Expenditures			<u>\$1,222,063</u>	<u>\$1,169,106</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, 2015**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – OHIO BUREAU OF WORKERS' COMPENSATION REBATE

Ohio's workers' compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers' Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In May 2013, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 210,000 public and private entities paying into Ohio's workers' compensation system. Each employer's rebate reflected 56% of what they were billed during the last policy period (2011 calendar year for public-taxing districts). Approximately \$113 million of the \$1 billion rebate went to local governments around the state. Using policy year 2011 as the base year for calculation, the School District allocated its BWC rebate back to all funds, including Federal funds, providing the source of initial premium payments to BWC. The subsequent expenditure of the rebate attributable to Federal programs is reflected on the School District's Schedule of Federal Awards Receipts and Expenditures.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noble Local School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 22, 2016. We noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 22, 2016



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Noble Local School District's, Noble County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the School District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

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www.ohioauditor.gov

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 22, 2016

**NOBLE LOCAL SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Nutrition Cluster – CFDA 10.553, 10.555 • Teacher Incentive Fund – CFDA 84.374 	
<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.

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Dave Yost • 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 31, 2016**