

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

Single Audit

For the Fiscal Year Ended June 30, 2008





Mary Taylor, CPA
Auditor of State

Board of Education
Northridge Local School District
6066 Johnston-Utica Road
Johnston, Ohio 43031

We have reviewed the *Independent Auditor's Report* of the Northridge Local School District, Licking County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Northridge Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 31, 2008

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**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Northridge Local School District
6066 Johnston-Utica Road
Johnston, Ohio 43031

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to form an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Kennedy Cottrell Richards LLC".

Kennedy Cottrell Richards LLC
December 19, 2008

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

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

Financial Highlights

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

- Net assets of governmental activities increased \$684,596.
- General revenues accounted for \$11,595,082 in revenue or 84 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$2,200,533, 16 percent of total revenues of \$13,795,615.
- Total assets of governmental activities increased \$129,673. The majority of the increase was due to an increase in cash and cash equivalents in the amount of \$355,585 and an increase in property taxes receivable in the amount of \$71,964. These increases are offset by a decrease in income taxes receivable in the amount of \$157,574, and a decrease in capital assets in the amount of \$176,565.
- The School District had \$13,111,019 in expenses related to governmental activities; only \$2,200,533 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$11,595,082 were adequate to provide for these programs.
- The School District has two major funds; the general fund and the debt service fund. The general fund had \$11,704,704 in revenues, \$11,498,760 in expenditures, and \$113,922 in other financing sources (uses). The general fund's balance increased \$319,866. The debt service fund had \$877,134 in revenues, \$886,533 in expenditures, and \$23,893 in other financing sources. The debt service fund's balance increased \$14,494.

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 Northridge Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. 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 debt service fund.

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

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

The School District as a Whole

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

Table 1 - Net Assets

	<u>Governmental Activities</u>		
	2008	2007	Change
Assets			
Current and Other Assets	\$7,003,600	\$6,697,362	\$306,238
Capital Assets	14,227,329	14,403,894	(176,565)
Total Assets	21,230,929	21,101,256	129,673
Liabilities			
Long-Term Liabilities	8,064,598	8,430,939	(366,341)
Other Liabilities	5,511,199	5,699,781	(188,582)
Total Liabilities	13,575,797	14,130,720	(554,923)
Net Assets			
Invested in Capital Assets, Net of Debt	7,295,973	7,064,113	231,860
Restricted	749,729	607,084	142,645
Unrestricted (Deficit)	(390,570)	(700,661)	310,091
Total Net Assets	\$7,655,132	\$6,970,536	\$684,596

Total assets increased \$129,673. The majority of this increase was due to an increase in cash and cash equivalents in the amount of \$355,585 and an increase in property taxes receivable in the amount of \$71,964. These increases are offset by a decrease in income taxes receivable in the amount of \$157,574 and a decrease in capital assets in the amount of \$176,565. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely as a result of having a general deficit fund balance at the end of fiscal year 2007. The increase in property taxes receivable is due to the increase in assessed values of property within the school district. The decrease in capital assets was due to the current year depreciation for fiscal year 2008 exceeding the value of assets that were purchased. During fiscal year 2008, the School District entered into a capital lease for new copiers, purchased portable scoreboards, computer equipment and started construction work on one of the elementary schools.

Total liabilities decreased \$554,923. Intergovernmental payables decreased \$191,393 due mainly to a large payable for the reimbursement of questioned costs from the fiscal year 2006 special education fund that was recorded as a payable in fiscal year 2007 that was subsequently repaid during fiscal year 2008. In addition, there is also a significant decrease in the amount of the school employees' retirement system payroll accrual for fiscal year 2008 as a result of the School District eliminating 8 teacher aides and two administrators during fiscal year 2008. Long-term liabilities decreased \$366,341 primarily due to the School District paying \$100,000 on the Energy Conservation Note, \$385,000 on the Classroom Facilities Refunding General Improvement Serial Bond, \$55,000 on the School Energy Conservation Improvement General Obligation Bond, and \$28,381 on the HVAC computer equipment and copiers capital lease principal. These decreases are offset by increases in the amount of \$159,372 for the inception of the copiers capital lease, a net increase of \$44,172 in compensated absences and a \$9,357 net increase in termination benefits payable.

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

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

Table 2 - Changes in Net Assets

	Governmental Activities		
	2008	2007	Change
Revenues			
Program Revenues:			
Charges for Services	\$1,080,461	\$1,027,824	\$52,637
Operating Grants and Contributions	1,101,870	983,815	118,055
Capital Grants and Contributions	18,202	23,314	(5,112)
	<u>2,200,533</u>	<u>2,034,953</u>	<u>165,580</u>
General Revenue:			
Property Taxes	4,701,904	4,582,465	119,439
Income Taxes	1,927,526	2,034,888	(107,362)
Gain on Sale of Capital Asset	0	1,276	(1,276)
Grants and Entitlements	4,890,466	4,855,128	35,338
Investment Earnings	68,302	53,895	14,407
Miscellaneous	6,884	67,258	(60,374)
	<u>11,595,082</u>	<u>11,594,910</u>	<u>172</u>
Total Revenues	<u>13,795,615</u>	<u>13,629,863</u>	<u>165,752</u>
Program Expenses			
Instruction			
Regular	5,530,375	5,169,729	360,646
Special	1,060,923	1,459,172	(398,249)
Vocational	146,782	150,620	(3,838)
Support Services			
Pupil	476,698	718,338	(241,640)
Instructional Staff	545,613	321,346	224,267
Board of Education	84,871	82,472	2,399
Administration	1,097,397	1,181,959	(84,562)
Fiscal	294,649	339,746	(45,097)
Business	0	28,900	(28,900)
Operation and Maintenance of Plant	1,182,201	1,115,864	66,337
Pupil Transportation	1,453,757	1,294,423	159,334
Central	118,154	127,108	(8,954)
Operation of Non-Instructional Services:			
Food Service Operations	471,851	377,848	94,003
Community Services	1,436	4,356	(2,920)
Extracurricular Activities	300,792	361,474	(60,682)
Interest and Fiscal Charges	345,520	361,232	(15,712)
Total Program Expenses	<u>13,111,019</u>	<u>13,094,587</u>	<u>16,432</u>
<i>Change in Net Assets</i>	684,596	535,276	149,320
Net Assets Beginning of Year	<u>6,970,536</u>	<u>6,435,260</u>	<u>535,276</u>
Net Assets End of Year	<u>\$7,655,132</u>	<u>\$6,970,536</u>	<u>\$684,596</u>

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

Net assets increased by \$684,596 in fiscal year 2008. Revenues reflect an increase of \$165,752 due mainly to an increase in operating grants and contributions in the amount of \$118,055, an increase in charges for services in the amount of \$52,637 due to an increase of tuition from other school districts, an increase in property taxes in the amount of \$119,439 and a decrease in income taxes in the amount of \$107,362. Program expenses increased \$16,432 due mainly to a \$41,441 decrease in total instruction, an increase of \$43,184 in total support services, an increase of \$91,083 in total non-instructional services and a decrease of \$60,682 in extracurricular activities. During fiscal year 2008, the School District reviewed the funds and functions that employee salaries were being paid based on job duties. Based on this review, changes were made to the functions from which salaries were previously being recorded, which primarily impacted regular and special instruction as well as pupil and instructional staff support services. During fiscal year 2008, the School District had 93 certificated full-time teaching personnel compared to 91 certificated full-time teaching personnel during fiscal year 2007.

Instruction comprises approximately 51 percent of governmental program expenses and support services make up approximately 40 percent of the program expenses of the School District.

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

Table 3 - Governmental Activities

	2008 Total Cost of Services	2008 Net Cost of Services	2007 Total Cost of Services	2007 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$5,530,375	\$4,942,642	\$5,169,729	\$4,641,732
Special	1,060,923	411,086	1,459,172	834,514
Vocational	146,782	116,712	150,620	115,260
Support Services:				
Pupil	476,698	460,560	718,338	674,824
Instructional Staff	545,613	471,731	321,346	314,032
Board of Education	84,871	84,871	82,472	82,472
Administration	1,097,397	1,081,778	1,181,959	1,125,596
Fiscal	294,649	208,787	339,746	259,894
Business	0	0	28,900	28,900
Operation and Maintenance of Plant	1,182,201	1,159,143	1,115,864	1,097,495
Pupil Transportation	1,453,757	1,363,585	1,294,423	1,225,644
Central	118,154	95,916	127,108	103,299
Operation of Non-Instructional Services:				
Food Service Operations	471,851	44,180	377,848	23,217
Community Services	1,436	(84)	4,356	(351)
Extracurricular Activities	300,792	124,059	361,474	171,874
Interest and Fiscal Charges	345,520	345,520	361,232	361,232
Totals	\$13,111,019	\$10,910,486	\$13,094,587	\$11,059,634

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

Table 3 clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2008, only 16 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants and contributions. The remaining 84 percent is provided through taxes and entitlements.

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$13,735,725, expenditures of \$13,452,089, and other financing sources (uses) of \$159,372.

The School District is closely monitoring the general fund cash basis balance, as well as the individual fund cash basis balances. The Superintendent and Treasurer have continued to follow the self-imposed budget cuts that had been implemented during fiscal year 2007. These self-imposed budget cuts include the following: reduced staff, beginning all building classes at the same time to run single bus routes; the implementation of the termination benefit plan; curtailment of professional development expenditures; elimination of summer school transportation; and an increase in the cost charged to students participating in extracurricular activities (Pay-to-play).

Other Governmental Major Funds

Debt Service Fund

The fund balance of the Debt Service Fund at June 30, 2008 is \$539,189, an increase of \$14,494 from the prior year primarily due to a transfer from the General Fund during fiscal year 2008 in order to cover the principal and interest debt payments.

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 2008, the School District amended its general fund appropriations and receipts, but not significantly.

The School District's original budget balance for the general fund was (\$18,747) due to the Schools District's budgeted expenditures and encumbrances exceeding budgeted revenue.

The School District's ending general fund budgetary balance was \$155,314, \$18,751 above the final budgeted amount.

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008 the School District had \$14,227,329 invested in land, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2008 balances compared to 2007.

**Table 4 - Capital Assets at June 30, 2008
(Net of Depreciation)**

	<u>Government Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$242,190	\$242,190
Land Improvements	530,832	565,387
Buildings and Improvements	11,495,075	11,656,174
Furniture and Equipment	1,936,938	1,926,446
Vehicles	11,471	13,697
Construction in Progress	10,823	0
Totals	<u><u>\$14,227,329</u></u>	<u><u>\$14,403,894</u></u>

See Note 10 for more detailed information of the School District's capital assets.

Debt

At June 30, 2008, the School District had \$7,054,228 in classroom facility improvement refunding bonds, school energy conservation improvement bonds, and capital leases outstanding.

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
	Energy Conservation Notes	\$0
Classroom Facility Improvement Refunding Bonds	5,905,000	6,290,000
Bond Premium	283,828	310,859
Deferred Amount on Refunding	(183,991)	(201,514)
School Energy Conservation Improvement Bonds	885,000	940,000
Bond Premium	15,556	16,909
Capital Leases	148,835	17,844
Totals	<u><u>\$7,054,228</u></u>	<u><u>\$7,474,098</u></u>

See Note 15 for more detailed information of the School District's debt.

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

On January 9, 2008, the School District issued current revenue anticipation notes for \$681,000 that would mature no later than June 30, 2008, and bear interest, payable at maturity. These notes were issued for the purpose of avoiding cash flow deficits and maintaining adequate funds on hand during the 2008 fiscal year. The School District is pledging future tax revenues as repayment for these revenue anticipation notes. On May 30, 2008, the School District repaid this note making a principal and interest payment of \$681,000 and \$8,348, respectively.

Closing Comments

As the preceding information shows, the School District relies heavily on its property tax payers, income tax payers, and state subsidies. The School District is currently monitoring both the cash balances and each individual fund balances, as well as trying to be conservative in the area of expenditures; however, projections are hard to make when the instability of state subsidies (HB 66) exist as they do today. To help stabilize the School District's budget, the School District placed a 3.5 mill emergency operating levy on the November 2008 ballot that was expected to generate \$750,000 per year for the next five years. The School District has been trying to obtain funding for construction from the Ohio School Facilities Commission to build new schools, but it has not been determined when that funding will be available. Due to this concern, the School District agreed to lease 20 modulars for 48 months in the amount of \$493,152 (See Note 24). To help with the cash flow issues, the School District's Board of Education approved a short term borrowing which is contingent to borrowing authority as set forth in the Ohio Revised Code. On July 9, 2008, the School District issued a current revenue anticipation note for \$783,870 which matures on June 30, 2009.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Felicia Drummey, Treasurer at Northridge Local School District, 6097 Johnstown-Utica Road, Johnstown, Ohio 43031. You may also E-mail the treasurer at fdrummey@laca.org.

Northridge Local School District, Ohio

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$1,056,770
Materials and Supplies Inventory	12,108
Inventory Held for Resale	12,671
Intergovernmental Receivable	74,538
Accrued Interest Receivable	5,208
Income Taxes Receivable	881,236
Prepaid Items	29,418
Accounts Receivable	12,952
Property Taxes Receivable	4,811,383
Deferred Charges	107,316
Nondepreciable Capital Assets	253,013
Depreciable Capital Assets, Net	<u>13,974,316</u>
<i>Total Assets</i>	<u>21,230,929</u>
Liabilities	
Accounts Payable	61,963
Accrued Wages and Benefits Payable	814,946
Contracts Payable	10,823
Matured Compensated Absences Payable	28,345
Accrued Interest Payable	25,573
Intergovernmental Payable	251,819
Deferred Revenue	4,317,730
Long-Term Liabilities:	
Due Within One Year	684,714
Due In More Than One Year	<u>7,379,884</u>
<i>Total Liabilities</i>	<u>13,575,797</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	7,295,973
Restricted for:	
Debt Service	521,886
Capital Projects	4,875
School Store	11,835
Classroom Facilities Maintenance	94,972
District Managed Activities	35,160
Title VI-B	17,139
Title I	19,424
Class Size Reduction	24,991
Other Purposes	12,780
Bus Purchase	6,667
Unrestricted (Deficit)	<u>(390,570)</u>
<i>Total Net Assets</i>	<u><u>\$7,655,132</u></u>

See accompanying notes to the basic financial statements

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

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$5,530,375	\$574,623	\$13,110	\$0	(\$4,942,642)
Special	1,060,923	0	649,837	0	(411,086)
Vocational	146,782	0	30,070	0	(116,712)
Support Services:					
Pupil	476,698	0	16,138	0	(460,560)
Instructional Staff	545,613	0	73,882	0	(471,731)
Board of Education	84,871	0	0	0	(84,871)
Administration	1,097,397	0	15,619	0	(1,081,778)
Fiscal	294,649	0	85,862	0	(208,787)
Operation and Maintenance					
of Plant	1,182,201	13,300	9,758	0	(1,159,143)
Pupil Transportation	1,453,757	0	71,970	18,202	(1,363,585)
Central	118,154	0	22,238	0	(95,916)
Operation of Non-Instructional Services:					
Food Service Operations	471,851	314,285	113,386	0	(44,180)
Community Services	1,436	1,520	0	0	84
Extracurricular Activities	300,792	176,733	0	0	(124,059)
Interest and Fiscal Charges	345,520	0	0	0	(345,520)
Totals	\$13,111,019	\$1,080,461	\$1,101,870	\$18,202	(\$10,910,486)
General Revenues					
Property Taxes Levied for:					
General Purposes					3,824,334
Debt Service					799,382
Classroom Facilities Maintenance					78,188
Income Taxes Levied for General Purposes					1,927,526
Grants and Entitlements not Restricted to Specific Programs					4,890,466
Investment Earnings					68,302
Miscellaneous					6,884
Total General Revenues					11,595,082
Change in Net Assets					684,596
Net Assets Beginning of Year					6,970,536
Net Assets End of Year					\$7,655,132

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2008

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$216,140	\$487,232	\$353,398	\$1,056,770
Materials and Supplies Inventory	11,415	0	693	12,108
Inventory Held for Resale	0	0	12,671	12,671
Intergovernmental Receivable	6,748	0	67,790	74,538
Accrued Interest Receivable	5,208	0	0	5,208
Income Taxes Receivable	881,236	0	0	881,236
Prepaid Items	29,358	0	60	29,418
Accounts Receivable	12,075	0	877	12,952
Interfund Receivable	7,487	0	0	7,487
Property Taxes Receivable	4,049,942	681,475	79,966	4,811,383
Total Assets	\$5,219,609	\$1,168,707	\$515,455	\$6,903,771
Liabilities				
Accounts Payable	\$52,793	\$0	\$9,170	\$61,963
Accrued Wages and Benefits Payable	753,619	0	61,327	814,946
Contracts Payable	10,823	0	0	10,823
Matured Compensated Absences Payable	28,345	0	0	28,345
Interfund Payable	0	0	7,487	7,487
Intergovernmental Payable	230,476	0	21,343	251,819
Deferred Revenue	3,934,024	629,518	140,798	4,704,340
Total Liabilities	5,010,080	629,518	240,125	5,879,723
Fund Balances				
Reserved for Encumbrances	30,599	0	17,537	48,136
Reserved for Property Taxes	263,296	51,396	5,346	320,038
Reserved for Bus Purchase	6,667	0	0	6,667
Unreserved:				
Undesignated, Reported in:				
General Fund (Deficit)	(91,033)	0	0	(91,033)
Special Revenue Funds	0	0	247,572	247,572
Debt Service Fund	0	487,793	0	487,793
Capital Projects Funds	0	0	4,875	4,875
Total Fund Balances	209,529	539,189	275,330	1,024,048
Total Liabilities and Fund Balances	\$5,219,609	\$1,168,707	\$515,455	\$6,903,771

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2008*

Total Governmental Fund Balances	\$1,024,048
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,227,329
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Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:	
Property Taxes Receivable	167,597
Income Taxes Receivable	142,477
Intergovernmental Receivable	66,260
Student Fees	10,276
	386,610

Unamortized issuance costs are reported as deferred charges on the Statement of Net Assets but as an expenditure on the fund financial statements which do not provide current financial resources and, therefore, are not reported in the funds.	107,316
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Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Bonds Payable	(6,790,000)
Bond Premium	(299,384)
Deferred Amount on Refunding	183,991
Accrued Interest Payable	(25,573)
Capital Leases Payable	(148,835)
Compensated Absences	(760,298)
Retirement Incentive Payable	(250,072)
	(8,090,171)

Net Assets of Governmental Activities	<u>\$7,655,132</u>
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See accompanying notes to the basic financial statements

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

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,785,899	\$792,172	\$77,361	\$4,655,432
Income Taxes	1,921,729	0	0	1,921,729
Intergovernmental	5,314,750	84,962	603,858	6,003,570
Investment Earnings	68,302	0	5,094	73,396
Tuition and Fees	568,876	0	0	568,876
Extracurricular Activities	24,964	0	153,289	178,253
Rentals	13,300	0	0	13,300
Charges for Services	0	0	314,285	314,285
Miscellaneous	6,884	0	0	6,884
Total Revenues	11,704,704	877,134	1,153,887	13,735,725
Expenditures				
Current:				
Instruction:				
Regular	5,567,062	0	14,839	5,581,901
Special	764,698	0	260,199	1,024,897
Vocational	132,602	0	0	132,602
Support Services:				
Pupils	446,437	0	14,313	460,750
Instructional Staff	464,331	0	69,672	534,003
Board of Education	84,871	0	0	84,871
Administration	998,827	0	5,281	1,004,108
Fiscal	275,837	11,076	1,314	288,227
Operation and Maintenance of Plant	1,073,151	0	14,243	1,087,394
Pupil Transportation	1,392,862	0	60,000	1,452,862
Central	71,463	0	46,691	118,154
Operation of Non-Instructional Services:				
Food Service Operations	0	0	432,965	432,965
Community Services	0	0	1,436	1,436
Extracurricular Activities	148,532	0	131,028	279,560
Capital Outlay	51,675	0	0	51,675
Debt Service:				
Principal Retirement	14,195	540,000	14,186	568,381
Interest and Fiscal Charges	12,217	335,457	629	348,303
Total Expenditures	11,498,760	886,533	1,066,796	13,452,089
Excess of Revenues Over (Under) Expenditures	205,944	(9,399)	87,091	283,636
Other Financing Sources (Uses)				
Transfers In	1,464	23,893	23,021	48,378
Inception of a Capital Lease	159,372	0	0	159,372
Transfers Out	(46,914)	0	(1,464)	(48,378)
Total Other Financing Sources (Uses)	113,922	23,893	21,557	159,372
Net Change in Fund Balances	319,866	14,494	108,648	443,008
Fund Balances (Deficit) Beginning of Year	(110,337)	524,695	166,682	581,040
Fund Balances End of Year	\$209,529	\$539,189	\$275,330	\$1,024,048

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds		\$443,008
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in 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 in the current period		
Capital Asset Additions	195,517	
Depreciation Expense	(372,082)	(176,565)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	1,874	
Student Fees	5,747	
Income Taxes	5,797	
Delinquent Taxes	46,472	59,890
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		568,381
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		2,014
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences Payable	(44,172)	
Termination Benefits Payable	(9,357)	(53,529)
Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the statement of activities.		
		(159,372)
The amortization of premiums and issuance costs are reported on the statement of activities:		
Premium Amortization	28,384	
Issuance Costs Amortization	(10,092)	18,292
The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities.		
		(17,523)
<i>Change in Net Assets of Governmental Activities</i>		\$684,596

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$3,916,190	\$3,702,121	\$3,758,971	\$56,850
Income Tax	2,308,197	2,085,070	2,085,070	0
Intergovernmental	5,259,204	5,308,554	5,308,002	(552)
Investment Earnings	70,282	66,828	66,828	0
Tuition and Fees	526,786	586,042	586,042	0
Extracurricular Activities	11,045	24,964	24,964	0
Rentals	12,250	13,050	13,050	0
Miscellaneous	72,627	8,043	8,043	0
<i>Total Revenues</i>	12,176,581	11,794,672	11,850,970	56,298
Expenditures				
Current:				
Instruction:				
Regular	5,256,609	5,230,814	5,268,361	(37,547)
Special	1,232,332	828,188	828,188	0
Vocational	149,318	144,733	144,733	0
Other	190,651	127,505	127,505	0
Support Services:				
Pupil	272,904	463,122	463,122	0
Instructional Staff	416,014	479,217	479,217	0
Board of Education	112,986	101,427	101,427	0
Administration	1,106,643	1,068,585	1,068,585	0
Fiscal	534,692	353,159	353,159	0
Business	13,893	0	0	0
Operation and Maintenance of Plant	1,160,878	1,103,350	1,103,350	0
Pupil Transportation	1,310,967	1,403,430	1,403,430	0
Central	158,806	77,875	77,875	0
Extracurricular Activities	73,432	149,090	149,090	0
Capital Outlay	213,496	74,622	74,622	0
<i>Total Expenditures</i>	12,203,621	11,605,117	11,642,664	(37,547)
<i>Excess of Revenues Over (Under) Expenditures</i>	(27,040)	189,555	208,306	18,751
Other Financing Sources (Uses)				
Operating Transfers In	0	1,464	1,464	0
Revenue Anticipation Notes Issued	0	681,000	681,000	0
Operating Transfers Out	0	(736,262)	(736,262)	0
Advances Out	0	(7,487)	(7,487)	0
<i>Total Other Financing Sources (Uses)</i>	0	(61,285)	(61,285)	0
<i>Net Change in Fund Balance</i>	(27,040)	128,270	147,021	18,751
<i>Fund Balance (Deficit) Beginning of Year</i>	(24,055)	(24,055)	(24,055)	0
Prior Year Encumbrances Appropriated	32,348	32,348	32,348	0
<i>Fund Balance (Deficit) End of Year</i>	(\$18,747)	\$136,563	\$155,314	\$18,751

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

Assets	
Cash and Cash Equivalents	<u>\$38,517</u>
<i>Total Assets</i>	<u><u>\$38,517</u></u>
Liabilities	
Due to Students	<u>\$38,517</u>
<i>Total Liabilities</i>	<u><u>\$38,517</u></u>

See accompanying notes to the basic financial statements

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

Note 1 - Description of the School District and Reporting Entity

The Northridge Local School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1962 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 120 square miles. It is located in Licking, Knox, and Delaware Counties, and includes Burlington Township and the Villages of Alexandria and Croton. The School District is staffed by 37 classified employees, 93 certificated full-time teaching personnel, and 6 administrative employees who provide services to 1,460 students and other community members. The School District currently operates five instructional buildings, one administrative building, and one garage.

Reporting Entity

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

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

The School District is associated with four jointly governed organizations and an insurance purchasing pool. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, the Central Ohio Special Education Regional Resource Center, the School Study Council of Ohio, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which are presented in Notes 18 and 20 to the basic financial statements. The School District is associated with a related organization, the Alexandria Public Library which is discussed in Note 19.

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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

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

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

B. Fund Accounting

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

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

General Fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of, bond principal, interest, and related costs.

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

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District does not have any trust funds. 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 payroll withholdings.

C. Measurement Focus

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

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

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. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7).

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

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, income taxes, interest, tuition, grants, fees, and rentals.

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

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

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

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

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

E. Budgetary Process

All funds, other than 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. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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 prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Cash Equivalents

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

During fiscal year 2008, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$68,302, which includes \$21,746 assigned from other School District funds.

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

G. Prepaid Items

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

H. Inventory

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

I. Receivables and Payables

Receivables and payables are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

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

J. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in 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 capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs 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 two thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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	25-50 Years
Buildings and Improvements	50-100 Years
Furniture and Equipment	10-50 Years
Vehicles	5-15 Years

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated on the statement of net assets.

L. Compensated Absences

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

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

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

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

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 recorded in the account "matured compensated absences payable" in the funds from which these payments will be made.

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, compensated absences, and contractually required pension contributions 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 year. Bonds, long-term notes, and capital leases are recognized as a liability on the governmental fund financial statements when due.

N. Bond Premiums, Gains on Refinancing and Issuance Costs

In the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt. Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements issuance costs and bond premiums are recognized in the period in which the bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, and bus purchase.

The reserve for bus purchase represents unexpended revenues restricted for the purchase of buses. During fiscal year 2008, the reserve for bus purchase includes a receivable for bus purchases. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets

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

restricted for other purposes include resources restricted for food service operations and music and athletic programs, and state and federal grants restricted to expenditures for specified purposes.

The government-wide statement of net assets reports \$749,729 of restricted net assets, of which none is restricted by enabling legislation.

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

Q. Extraordinary and Special Items

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

R. Estimates

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

Note 3 – Changes in Accounting Principles

For 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and the STRS post-employment healthcare plans in the amount of \$18,394 and \$9,178 respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

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

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

Note 4 – Accountability and Compliance

A. Accountability

The following funds had deficit fund balances as of June 30, 2008:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
Title VI	(\$1,183)
Title I	(9,559)
Class Size Reduction	(8,804)

The deficits in the special revenue funds were created by the lack of unrestricted resources to cover operations of the fund and also are a result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District is currently monitoring its financial condition and is taking steps to increase revenues and reduce spending.

B. Compliance

The general fund had original appropriations in excess of estimated resources in the amount of \$18,747 which is contrary to Section 5705.39, Revised Code.

The following funds had final appropriations in excess of estimated resources contrary to Section 5705.39, Revised Code:

	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Educational Management Information Systems	\$0	\$26,077	(\$26,077)
Miscellaneous State Grants	112	3,855	(3,743)
Title VI-B IDEA	0	484,153	(484,153)
Title I	7,462	95,482	(88,020)
Title VI-B	605	5,202	(4,597)
Drug Free Schools	108	7,860	(7,752)
Class Size Reduction	17,886	42,625	(24,739)
Miscellaneous Federal Grants	4,915	5,842	(927)

The following funds had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41 (B), Revised Code:

	<u>Excess</u>
<u>General Fund:</u>	(\$37,547)
<u>Special Revenue Funds:</u>	
Educational Management Information Systems	(333)
Data Communications Support	(15,000)
Schoolnet Professional Development	(2,700)
Class Size Reduction	(4,203)
Miscellaneous Federal Grants	(9,706)
<u>Capital Projects Fund:</u>	
Telecommunity Program	(1,464)

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

The School District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances 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) - presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded cash and prepaid items are reported on the statement of revenues, expenditures, and changes in fund balances (GAAP basis), but not on the budgetary basis.
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Principal and interest payments on debt obligations are reported in a debt service fund at the budgetary level but was reclassified to the to the fund originally receiving the proceeds.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund:

Net Change in Fund Balance	
GAAP Basis	\$319,866
Net Adjustment for Revenue Accruals	148,449
Net Adjustment for Expenditure Accruals	(246,602)
Beginning:	
Prepaid Items	31,327
Ending:	
Unreported cash	(2,183)
Prepaid Items	(29,358)
Revenue Anticipation Notes Issued	681,000
Advances Out	(7,487)
Transfer Out	(689,348)
Adjustment for Encumbrances	(58,643)
	\$147,021
Budget Basis	\$147,021

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

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

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, \$1,119,087 of the School District's bank balance of \$1,219,087 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments As of June 30, 2008, the School District had the following investments.

	Fair Value	Average Maturity
STAROhio	\$11,883	53.80 Days

Interest Rate Risk

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the 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.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real

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

property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however, the School District did not receive payment from the Licking County Auditor until July 2008.

The School District receives property taxes from Licking, Knox, and Delaware Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2008, was \$320,038, \$263,296 was available to the general fund, \$5,346 was available to the classroom facilities maintenance special revenue fund, and \$51,396 was available to the bond retirement debt service fund. The amount available as an advance at June 30, 2007, was \$283,726, \$232,153 was available to the general fund, \$3,950 was available to the classroom facilities maintenance special revenue fund, and \$47,623 was available to the bond retirement debt service fund.

The June 30 personal property tax settlement that was received July, 2008 amounted to \$5,375 in the general fund, \$82 in the classroom facilities maintenance special revenue fund, and \$561 in the bond retirement debt service fund. The June 30 personal property tax settlement that was received July, 2007 amounted to \$9,590 in the general fund, \$153 in the classroom facilities maintenance special revenue fund, and \$1,432 in the bond retirement debt service fund.

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

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

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

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$198,488,950	94.28%	\$202,621,690	94.65%
Public Utility Personal	11,132,200	5.29%	10,613,570	4.96%
General Business Personal	906,564	0.43%	829,770	0.39%
	\$210,527,714	100.00%	\$214,065,030	100.00%
Tax rate per \$1,000 of assessed valuation	\$38.50		\$38.50	

Note 8 - Income Tax

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was renewed and was effective on January 1, 2006 and remains in effect until December 31, 2010. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

Note 9 - Receivables

Receivables at June 30, 2008 consisted of property taxes, income taxes, accounts (billings for user charged services, vendors commissions, and tuition and fees), 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. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$167,597 as of June 30, 2008.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Bus Purchase Reimbursement - State Foundation	\$6,667
Ohio BWC Reimbursement	81
Title I	28,983
Drug Free Schools Grant	3,264
Title II-A	33,795
Title II-D	218
FEMA Grant	1,530
Total	\$74,538

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

Note 10 – Capital Assets

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

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Nondepreciable Capital Assets				
Land	\$242,190	\$0	\$0	\$242,190
Construction in Progress	0	10,823	0	10,823
Total Capital Assets not being depreciated	<u>242,190</u>	<u>10,823</u>	<u>0</u>	<u>253,013</u>
Depreciable Capital Assets				
Land Improvements	899,745	0	0	899,745
Buildings and Improvements	14,220,664	11,984	0	14,232,648
Furniture and Equipment	3,007,111	172,710	0	3,179,821
Vehicles	16,876	0	0	16,876
Total at Historical Cost	<u>18,144,396</u>	<u>184,694</u>	<u>0</u>	<u>18,329,090</u>
Less Accumulated Depreciation				
Land Improvements	(334,358)	(34,555)	0	(368,913)
Buildings and Improvements	(2,564,490)	(173,083)	0	(2,737,573)
Furniture and Equipment	(1,080,665)	(162,218)	0	(1,242,883)
Vehicles	(3,179)	(2,226)	0	(5,405)
Total Accumulated Depreciation	<u>(3,982,692)</u>	<u>(372,082)</u>	<u>0</u>	<u>(4,354,774)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>14,161,704</u>	<u>(187,388)</u>	<u>0</u>	<u>13,974,316</u>
Governmental Activities Capital Assets, Net	<u>\$14,403,894</u>	<u>(\$176,565)</u>	<u>\$0</u>	<u>\$14,227,329</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$153,880
Special	29,858
Vocational	13,295
Support Services:	
Pupil	11,484
Instructional Staff	23,407
Administration	30,803
Fiscal	2,893
Operation and Maintenance of Plant	35,314
Pupil Transportation	895
Extracurricular	27,968
Food Service Operations	<u>42,285</u>
Total Depreciation Expense	<u>\$372,082</u>

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

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2008, the School District contracted with Employers Mutual Casualty Company for all of their insurance. The types and amounts of coverage provided follows:

Building - Replacement Cost (\$2,500 deductible)	\$34,873,334
Personal Property (\$2,500 deductible)	6,163,454
Property in Open-Buildings	890,239
Property in Open-Property	3,678
Employee Benefits Aggregate Limit (\$1,000 deductible each claim)	
Per Occurrence	1,000,000
Aggregate Per Year	2,000,000
Public Officials Liability	
Per Occurrence	1,000,000
Aggregate Per Year	1,000,000
Automobile Liability	
Aggregate Per Year (deductible \$250 collision and \$100 comprehensive)	1,000,000
Uninsured Motor Vehicle Bodily Injury –Aggregate Per Year	1,000,000
Underinsured Motor Vehicle Bodily Injury - Aggregate Per Year	1,000,000
General Liability	
General Liability – Per Occurrence	1,000,000
General Liability - Aggregate Per Year	2,000,000
Products/Completed Operations Aggregate	2,000,000
Personal and Advertising Injury	1,000,000
Commercial Umbrella per Occurrence	2,000,000
Commercial Umbrella Aggregate	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

For fiscal year 2008, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (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 Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

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

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$127,138, \$185,729, and \$188,854, respectively; 87 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006. \$16,355 represents the unpaid contribution for fiscal year 2008.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2008, 2007, and 2006 were \$661,384, \$662,320, and \$691,253 respectively; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$8,789 made by the School District and \$20,869 made by the plan members. \$125,782 represents the unpaid contribution for fiscal year 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages.

Note 13 - Postemployment Benefits

A. School Employees Retirement System

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

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

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

The School District's contributions for health care , including the surcharge, for the fiscal years ended June 30, 2008, 2007, and 2006 were \$85,808, \$82,783, and \$86,047 respectively; 67 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$9,385, \$12,630, and \$12,842 respectively; 87 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$51,552, \$51,305, and \$53,173 respectively; 81 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 14 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated by employees with no maximum carrying amount. Upon retirement, payment is made for one-fourth of accrued unused sick leave.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

B. Health Care Benefits

The School District provides health and drug insurance for all eligible employees through Anthem Blue Cross/Blue Shield. The School District pays medical and drug monthly premiums for staff of \$801.76 for family coverage and \$360.59 for single coverage. The School District also provides dental insurance for all eligible employees through Core Source. The School District's share of the monthly premium for dental insurance coverage is \$60.10 for family and \$20.73 for single employees. The School District provides vision insurance through Vision Plus. The School District pays \$8.84 per month for all eligible employees.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life. Premiums are paid from the same funds that pay the employees' salaries.

Note 15 - Long-Term Obligations

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

	Principal Outstanding 6/30/2007	Additions	Deductions	Principal Outstanding 6/30/2008	Due Within One Year
Energy Conservation Note - 4.05%-5.75%	\$100,000	\$0	\$100,000	\$0	\$0
Classroom Facilities Refunding General					
Improvement Serial Bonds - 4.50% - 5.00%	6,290,000	0	385,000	5,905,000	400,000
Bond Premium	310,859	0	27,031	283,828	0
Deferred Amount on Refunding	(201,514)	0	(17,523)	(183,991)	0
School Energy Conservation Improvement					
General Obligation Bonds - 4.25% - 4.75%	940,000	0	55,000	885,000	55,000
Bond Premium	16,909	0	1,353	15,556	0
Total Long-Term Bonds	7,456,254	0	550,861	6,905,393	455,000
Capital Leases	17,844	159,372	28,381	148,835	33,141
Compensated Absences	716,126	115,841	71,669	760,298	125,706
Termination Benefits Payable	240,715	66,853	57,496	250,072	70,867
Total General Long-Term Obligations	\$8,430,939	\$342,066	\$708,407	\$8,064,598	\$684,714

General Obligation Bonds

Energy Conservation Note - On May 7, 1997, the School District issued \$747,000 in unvoted energy conservation notes, for the purpose of installing energy conservation improvements for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2008. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. Tax revenues were allocated from the general fund to the bond retirement debt service fund to meet current fiscal year obligations. During fiscal year 2008, the Energy Conservation Note was paid in full.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

2006 Classroom Facilities Improvement Refunding General Obligation Serial Bonds - In April 2006, the School District issued \$6,780,000 of Classroom Facilities Improvement Refunding General Obligation Serial Bonds. These refunding bonds were issued to refund the 1995 Classroom Facilities Construction General Obligation Bonds outstanding in the amount of \$6,790,000. The 1995 Classroom Facilities Construction General Obligation Bonds were called on May 3, 2006. At June 30, 2006, the outstanding value of the 1995 bonds was removed from the financial statements. The refunding bonds were issued with a premium of \$351,406. The premium is reported as an increase to bonds payable. The premium is being amortized to interest expense over the life of the Classroom Facilities Improvement Refunding General Obligation Bonds using the straight-line method. The issuance costs of \$113,607 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The current refunding resulted in an accounting gain, the difference between the net carrying amount of the debt and the acquisition price, in the amount of \$227,799. This difference is being reported in the accompanying financial statement as a decrease to bonds payable and is being amortized to interest expense over the life of the bonds using the straight-line method.

Principal and interest requirements to retire the classroom facilities improvement refunding bonds outstanding at June 30, 2008, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$400,000	\$272,800	\$672,800
2010	425,000	254,238	679,238
2011	450,000	233,988	683,988
2012	475,000	212,019	687,019
2013	500,000	188,863	688,863
2014-2018	2,960,000	547,582	3,507,582
2019-2020	695,000	17,375	712,375
Total	<u>\$5,905,000</u>	<u>\$1,726,865</u>	<u>\$7,631,865</u>

The Bonds maturing on December 1, 2016 and thereafter are subject to optional redemption, in whole or part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity at the option of the Board of Education on or after December 1, 2016 at the redemption price of 100%.

School Energy Conservation Improvement General Obligation Bonds -In August 2005, the School District issued School Energy Conservation Improvement General Obligation Bonds in the amount of \$995,000 at variable interest rates of 4.25% to 4.75%. Principal and interest payments are due June and December 1 of each year through 2019. These bonds were issued for the purpose of energy conservation measures which included the purchase of a new chiller for the High School. The bonds were issued with a premium in the amount of \$19,615. The premium is reported as an increase to bonds payable. The premium is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$19,615 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

Principal and interest requirements to retire the school energy conservation improvement bonds outstanding at June 30, 2008, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$55,000	\$39,781	\$94,781
2010	60,000	37,262	97,262
2011	60,000	34,562	94,562
2012	65,000	31,750	96,750
2013	70,000	28,713	98,713
2014-2018	390,000	91,829	481,829
2019-2020	185,000	8,906	193,906
Total	\$885,000	\$272,803	\$1,157,803

The School District's overall legal debt margin was \$13,199,095, with an unvoted debt margin of \$212,268 at June 30, 2008.

Capital Leases Payable

Capital leases will be paid from the general fund.

Compensated Absences Payable

Compensated absences will be repaid from the general fund and food service special revenue fund.

Termination Benefits Payable

Per the School District's negotiated agreement, the Northridge Board of Education offered to pay any teacher who agreed to retire an amount equal to one year's salary to be paid over a five year period for the teacher who is deemed a viable candidate by the School District. One fifth of this amount will be paid annually on January 2nd of each year for a five year period. To qualify for the termination benefits payable, the teacher should have completed twenty-five years of consecutive service with the School District or be sixty years of age. During fiscal year 2008, there was one teacher that agreed to participate in this plan.

Note 16 - Interfund Transactions

Interfund advances during fiscal year 2008 consisted of the general fund advancing \$7,487 the Class Size Reduction Special Revenue Fund to cover the possible cash deficit at the end of the fiscal year until the requested grant money was received.

Note 17 – Short-Term Obligations

The current revenue anticipation notes issued on January 9, 2008, in the amount of \$681,000 were to mature no later than June 30, 2008, and bear interest, payable at maturity. These notes were issued for the purpose of avoiding cash shortfalls due to deficits and to maintain adequate cash balances during the 2008 fiscal year. The School District pledged future tax revenues for the repayment for the revenue anticipation notes. On May 30, 2008, the School District repaid this note making a principal payment of \$681,000 and interest of \$8,348.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 18 - Jointly Governed Organizations

A. Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services thirteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and the School District does not have an equity interest in the Association. The School District's payments to LACA for computer services for fiscal year 2008 were \$85,289. Financial statements for LACA can be obtained from their fiscal agent - the Career and Technology Education Centers of Licking County, 150 Price Road, Newark, OH 43055.

B. Metropolitan Educational Council

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 100 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate.

The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. School District payments to MEC for fiscal year 2008 were \$113,646 for gas heating, insurance and membership. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

C. Central Ohio Special Education Regional Resource Center

The Central Ohio Educational Resource Center (COSERRC) provides special education services at a regional level and assists school districts in complying with the mandates of P.L. 101-476 and P.L. 99-457 for educating children with disabilities. The Northridge Local School District has a cooperative agency agreement with COSERRC. There is no financial commitment by the School District for its participation in COSERRC. The governing board is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, and representatives of universities. The School District has one representative on the governing board. Nothing was paid to COSERRC during fiscal year 2008. Further information may be obtained by contacting the Central Ohio Special Education Regional Resource Center at 470 Glenmont Avenue, Columbus, Ohio 43214.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

D. School Study Council of Ohio

The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board). The Council is comprised of 70 member organizations. The purpose of the Council is to bring about the improvement of education in member school organizations. School districts maintain active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and to vote. School districts that elect to be associate members are entitled to attend meetings and participate in Council discussions but are not entitled to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2008, the Board consisted of sixteen members. In fiscal year 2008, Northridge Local School District paid \$75 for registration for a seminar and \$352 in membership dues. Financial information may be obtained by contacting the School Study Council of Ohio at 2080 Citygate Drive, Columbus, Ohio 43219.

Note 19 - Related Organization

Alexandria Public Library

The Alexandria Public Library is statutorily created as a separate and distinct political subdivision. Seven trustees of the District Library are appointed by the School District. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Due process is required to remove board members. No subsidies are provided by the School District.

Note 20 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Note 21 - Set-Aside Calculations

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

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside reserve balance as of June 30, 2007	(\$604,517)	\$0
Current year set-aside requirement	221,506	221,506
Current year offsets	0	(227,628)
Qualifying Disbursements	<u>(214,402)</u>	<u>(146,566)</u>
Totals	<u>(\$597,413)</u>	<u>(\$152,688)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$597,413)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements and current year offsets during the fiscal year that reduced the capital improvement set-aside amount below zero. The total reserve balance for the two set-asides at the end of the fiscal year was zero.

Note 22 - Contingencies

A. Grants

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

B. Litigation

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

Note 23 - Capitalized Leases

The School District has entered into capitalized leases for HVAC computer equipment from Johnson Controls, Inc. and copiers from Comdoc, Inc. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

The agreement provides for minimum annual lease payments as follows:

Fiscal Year Ending June 30,	Principal	Interest
2009	\$33,141	\$6,689
2010	31,004	5,122
2011	32,604	3,523
2012	34,286	1,841
2013	17,800	264
Total	\$148,835	\$17,439

The HVAC computer equipment was originally capitalized in the amount of \$66,000 and the copiers was originally capitalized in the amount of \$159,372. These amounts represent the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2008 totaled \$28,381 in the governmental funds.

Property under Capital Leases	\$225,372
Less: Accumulated Depreciation	(23,775)
Total June 30, 2008	\$201,597

Note 24 - Operating Lease

The School District has entered into a noncancelable operating lease for modular units on May 8, 2008 to accommodate students during fiscal year 2009. This lease agreement is for 48 months at \$10,274 per month. In addition, there was a set-up fee for the modular's that was paid by the School District on August 28, 2008 in the amount of \$348,710 and there will also be a tear-down fee that will be paid by the School District once additional school buildings are built. The estimated tear-down costs are approximately \$106,205 (based on today's pricing).

The future minimum lease payments for this lease are as follows:

Fiscal Year Ending June 30,	Principal
2009	\$113,014
2010	123,288
2011	123,288
2012	123,288
2013	10,274
Total	\$493,152

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 25 – Contractual Obligation

As of June 30, 2008, the School District had a contractual purchase commitment for construction work pertaining to the school in Alexandria. The amount of the contract is as follows:

<u>Contractor</u>	<u>Fund</u>	<u>Purchase Commitment</u>	<u>Amounts Paid as of 6/30/2008</u>	<u>Amounts Remaining on Contract</u>
Johnson Remodeling	General Fund	\$32,796	\$0	\$32,796
		<u>\$32,796</u>	<u>\$0</u>	<u>\$32,796</u>

Note 26 – Subsequent Events

On July 9, 2008, the School District issued a current revenue anticipation note for \$783,870 which will mature on June 30, 2009.

The School District was forced to close Homer Elementary and Hartford Elementary Schools at the end of the fiscal year 2008 due to health and safety concerns for children being schooled in those deteriorating buildings.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

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

Federal Grantor Pass-Through Grantor/Program or Cluster Title	Grant Year(s)	CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Lunch Program	2008	10.555	\$ 93,603	\$ -	\$ 94,271	-
School Breakfast Program	2008	10.553	6,788	-	7,138	-
Total Nutrition Cluster			100,391	-	101,409	-
Food Distribution	2008	10.550	-	25,470	-	25,470
Total U.S. Department of Agriculture			100,391	25,470	101,409	25,470
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Title I	2007/2008	84.010	71,672	-	81,830	-
Title VI-B - Special Education Grants to States	2007/2008	84.027	322,698	-	261,518	-
Title IV - Safe and Drug-Free Schools and Communities	2007/2008	84.186	4,488	-	4,625	-
Title V - Innovative Education Program	2008	84.298	3,414	-	-	-
Title II-D - Education Technology State Grants	2007/2008	84.318	1,700	-	1,358	-
Title II-A - Improving Teacher Quality	2007/2008	84.367	45,933	-	57,837	-
Total U.S. Department of Education			449,905	-	407,168	-
Total Federal Awards Receipts and Expenditures			\$ 550,296	\$ 25,470	\$ 508,577	\$ 25,470

The accompanying notes are an integral part of this schedule.

**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Northridge Local School District
6066 Johnstown-Utica Road
Johnstown, Ohio 43031

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northridge Local School District, Licking County, Ohio (the District), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the District in a separate letter dated December 19, 2008.

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



Kennedy Cottrell Richards LLC
December 19, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Northridge Local School District
66066 Johnstown-Utica Road
Johnstown, Ohio 43031

To the Board of Education:

Compliance

We have audited the compliance of Northridge Local School District, Licking County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

In a separate letter to the District's management dated December 19, 2008, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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



Kennedy Cottrell Richards LLC
December 19, 2008

**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Title I – Grants to Local Educational Agencies CFDA 84.010 Title VI-B – Special Education Grants CFDA 84.
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain:</i></u>
2007-001	Non-compliance Certification of Funds (1) Then and Now Certificates (2) Super Blanket Certificates	Yes	Finding no longer valid
2007-002	Supporting Documentation for Receipts for Extracurricular receipts	Yes	Finding no longer valid
2007-003	Lack of documented approval on athletics ticket accountability forms	Yes	Finding no longer valid
2007-004	Non-compliance with 5705.10 (A) and 5705.10 (B) for inappropriate use of funds	Partially	Partially corrected as only insignificant amount of receipts posted to an incorrect fund.
2007-005	Questioned Costs	Yes	Finding is no longer valid.



Mary Taylor, CPA
Auditor of State

NORTHRIDGE LOCAL SCHOOL DISTRICT

LICKING 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
JANUARY 13, 2009**