



Mary Taylor, CPA
Auditor of State

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Northridge Local School District
Montgomery County
2011 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, (the District), as of and for the year ended June 30, 2009, 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, as of June 30, 2009, 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 January 25, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 25, 2010

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The discussion and analysis of 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, 2009. 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 fiscal year 2009 are as follows:

- In total, net assets increased \$436,494, which represents a four percent increase from fiscal year 2008.
- General revenues, consisting mostly of property taxes and State foundation, accounted for \$16,907,215 or 73 percent of total revenues of \$23,207,865. With certain limited exceptions, general revenues are available for any purpose needed.
- The School District had \$22,771,371 in expenses; only \$6,300,650 of these expenses were offset by program revenues. Program revenues are revenues whose use is restricted to paying for certain School District functions or programs.
- The General Fund had \$17,507,935 in revenues and \$17,311,144 in expenditures. The General Fund's balance increased by \$196,791 from fiscal year 2008.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand 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.

The statement of net assets and the 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 nonmajor funds presented in total in one column.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, 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 2009?" 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 fiscal 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, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the statement of net assets and the statement of activities, the School District only reports governmental activities. Governmental activities are the activities where all of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 13. Fund financial statements provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government 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.

Fiduciary Funds

The School District's only fiduciary fund is an agency fund. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

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 fiscal years 2009 and 2008:

**Table 1
Net Assets
Governmental Activities**

	2009	2008	Change
Assets:			
Current and Other Assets	\$17,813,717	\$17,640,726	\$172,991
Capital Assets	12,804,799	13,201,772	(396,973)
Total Assets	<u>30,618,516</u>	<u>30,842,498</u>	<u>(223,982)</u>
Liabilities:			
Other Liabilities	8,035,949	8,400,830	(364,881)
Long-Term Liabilities	12,437,656	12,733,251	(295,595)
Total Liabilities	<u>20,473,605</u>	<u>21,134,081</u>	<u>(660,476)</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	1,876,183	2,033,229	(157,046)
Restricted	1,999,801	1,568,670	431,131
Unrestricted	6,268,927	6,106,518	162,409
Total Net Assets	<u>\$10,144,911</u>	<u>\$ 9,708,417</u>	<u>\$436,494</u>

Total assets of governmental activities decreased \$223,982 or one percent. Most of this decrease was in capital assets as current year depreciation expense outpaced current year additions.

Liabilities decreased by \$660,476 or three percent from fiscal year 2008. The decrease was mainly the result of the \$345,000 in debt payments and a decrease in deferred revenue. Deferred revenue represents the amount of property tax revenue expected for collection during fiscal year 2010. The decrease is the result of the continued phase out of the personal property tax due to House Bill 66.

In total, net assets increased \$436,494, a four percent increase. Invested in capital assets, net of related debt decreased \$157,046 because current fiscal year depreciation expense was greater than current year additions and current year debt payments. Restricted net assets increased \$431,131, mainly the result of the annual sinking fund payments to the escrow agent.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, increased \$162,409 or three percent. The school managed to keep expenses within revenues by closely monitoring budgets during the fiscal year.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Table 2 shows the changes in net assets for the fiscal years 2009 and 2008.

Table 2			
Changes in Net Assets			
	2009	2008	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,201,259	\$ 619,557	\$ 581,702
Operating Grants, Interest and Contributions	5,085,996	4,648,554	437,442
Capital Grants, Interest and Contributions	13,395	19,758	(6,363)
Total Program Revenues	6,300,650	5,287,869	1,012,781
General Revenues:			
Property Taxes	8,119,979	8,905,225	(785,246)
Grants and Entitlements not Restricted to Specific Programs	8,486,431	7,672,622	813,809
Investment Earnings	233,114	365,691	(132,577)
Miscellaneous	67,691	41,942	25,749
Total General Revenues	16,907,215	16,985,480	(78,265)
Total Revenues	23,207,865	22,273,349	934,516
Program Expenses:			
Instruction:			
Regular	8,924,674	9,079,911	(155,237)
Special	3,042,752	2,930,025	112,727
Vocational	216,791	300,275	(83,484)
Student Intervention Services	560,238	376,926	183,312
Support Services:			
Pupils	1,584,356	1,482,221	102,135
Instructional Staff	753,272	575,504	177,768
Board of Education	27,048	28,022	(974)
Administration	1,674,211	1,727,071	(52,860)
Fiscal	396,420	412,331	(15,911)
Business	214,543	198,642	15,901
Operation and Maintenance of Plant	2,138,340	2,177,807	(39,467)
Pupil Transportation	1,045,325	957,253	88,072
Central	62,011	42,862	19,149
Operation of Non-Instructional Services	1,024,452	1,000,315	24,137
Extracurricular Activities	758,857	789,148	(30,291)
Interest and Fiscal Charges	348,081	349,201	(1,120)
Total Expenses	22,771,371	22,427,514	\$343,857
Change in Net Assets	436,494	(154,165)	
Net Assets at Beginning of Year	9,708,417	9,862,582	
Net Assets at End of Year	\$10,144,911	\$9,708,417	

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Governmental Activities

In total, revenues increased \$934,516 and expenses increased \$343,857 for a net increase of \$436,494.

Property taxes made up 35 percent of revenues for governmental activities for the School District for fiscal year 2009. The decrease in property tax revenue of \$785,246 was due to the continued phase out of tangible personal property tax.

Charges for services increased by \$581,702 due to an increase in the number of special education students serviced by the Montgomery County Educational Service Center.

The increase in operating grants, interest and contributions was the result in the School District receiving more State and Federal grant monies, particularly poverty based assistance and Title I monies for school improvement.

The increase in grants and entitlements not restricted to specific programs, which consist mainly of State foundation monies, was due to increased personal property tax reimbursements from the State of Ohio under House Bill 66. Grants and entitlements make up 37 percent of total revenues.

Investment earnings decreased due to a decrease in interest rates from fiscal year 2008.

Overall expenses increased \$343,857 or two percent from fiscal year 2008. The increase was largely due to increases in State and federal grant programs that provided funds for student intervention, pupil support services, and an instruction staff program for two new math coaches.

The School District's Funds

The School District's only major fund is the General Fund and it is accounted for using the modified accrual basis of accounting. The General Fund accounts for 77 percent of total revenues and 76 percent of total expenditures. The General Fund balance increased \$196,791 as revenue mainly from tuition and fees increased due to fiscal year 2009 being the first year the School District had open enrollment. The School District was able to hold expenditures constant with the previous fiscal year due to tight budgetary monitoring.

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.

The Board of Education and the administration make dollars available to offer a comprehensive academic curriculum with a wide range of academic choices such as gifted education, vocational programs, and college preparatory. The School District also provides speech and language therapy, as well as psychological services and counseling. The School District offers opportunities for students to participate in a wide range of extracurricular activities. The School District's mission is "Educating Today for Tomorrow's Success." This goal is kept in mind at the time budgets are created and when final expenditures are made. This mission statement guides the School District in all phases of operation.

For the General Fund, the budget basis revenue increased \$740,836 from the original budgeted estimates. The change was mainly in tuition and fees revenue due to the open enrollment. Actual revenues matched final budget basis revenue.

During the course of fiscal year 2009, the School District amended its appropriations several times. Final appropriations were approved in June. Again, through close monitoring the School kept expenditures in check as actual expenditures were \$1,614,344 less than those budgeted.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Capital Assets

Table 3 shows fiscal year 2009 balances compared to fiscal year 2008.

**Table 3
Capital Assets (Net of Depreciation) at June 30,**

	2009	2008
Land	\$ 1,413,567	\$ 1,413,567
Land Improvements	390,931	446,919
Buildings and Improvements	9,885,755	10,353,531
Furniture and Equipment	834,490	826,477
Vehicles	280,056	161,278
Totals	\$12,804,799	\$13,201,772

Overall capital assets decreased \$396,973 from fiscal year 2008 as depreciation expense of \$773,703 exceeded additions of \$376,730. For more information on capital assets, refer to Note 8 of the basic financial statements.

Debt Administration

At June 30, 2009, the School District had \$6,525,000 in bonds and loans outstanding, as well as \$184,827 of accretion on capital appreciation bonds outstanding and a premium on bonds in the amount of \$97,359. \$345,000 represents the amount of debt principal payments made during the fiscal year, and \$360,000 represents the amount of debt principal due during fiscal year 2010. The School District also had capital leases payable at fiscal year-end of \$4,500,000.

During fiscal year 2004, the School District entered into a lease-purchase agreement with Chase Leasing Corporation for the financing of \$4,500,000 for building renovations. The School District makes annual interest payments to the lesser in the amount of \$30,600 and annual sinking fund payments to the escrow agent in the amount of \$229,555. On November 19, 2018, the \$4,500,000 principal is due, along with another \$30,600 in interest. For more information on debt administration, refer to Notes 13 and 14 of the basic financial statements.

Current Financial Issues and Concerns

The School District is proud of its community support of the public schools. The Board of Education and administration work together to provide a stable and safe environment for students to learn. The Board of Education recognizes the expectations of the community and has allocated the resources to meet these expectations.

A primary source of revenue will be eliminated by 2010, and the State hold harmless clause with it. The phase down of reimbursement for tangible personal property tax will be totally eliminated in fiscal year 2017. This is an important issue facing the School District and it will be looking at ways to reduce expenditures in fiscal year 2010 and beyond.

In conclusion, the Northridge Local School District has committed itself to financial excellence for many years. The School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future and to provide the best educational opportunities to its children.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 questions about this report or need additional financial information contact Mary Hellyer, Treasurer, at Northridge Local School District, 2011 Timber Lane, Dayton, Ohio 45414, or email at mhellyer@northridgemontgomery.k12.oh.us.

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$8,176,832
Cash and Cash Equivalents in Segregated Accounts	2,000
Cash and Cash Equivalents with Escrow Agents	54,980
Accrued Interest Receivable	9,804
Intergovernmental Receivable	10,353
Accounts Receivable	1,116
Materials and Supplies Inventory	12,254
Inventory Held for Resale	13,262
Property Taxes Receivable	8,153,855
Deferred Charges	96,384
Investments with Escrow Agents	1,282,877
Nondepreciable Capital Assets	1,413,567
Depreciable Capital Assets, Net	11,391,232
Total Assets	30,618,516
Liabilities:	
Accounts Payable	25,678
Retainage Payable	197,745
Accrued Wages and Benefits Payable	1,207,088
Matured Compensated Absences Payable	51,825
Accrued Interest Payable	40,311
Intergovernmental Payable	514,029
Deferred Revenue	5,999,273
Long-Term Liabilities:	
Due Within One Year	532,397
Due in More Than One Year	11,905,259
Total Liabilities	20,473,605
Net Assets:	
Invested in Capital Assets, Net of Related Debt	1,876,183
Restricted for:	
Debt Service	1,553,590
Capital Outlay	122
Food Service	355,931
Other Purposes	37,521
Set-Asides	52,637
Unrestricted	6,268,927
Total Net Assets	\$10,144,911

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest and Contributions</u>	<u>Capital Grants, Interest and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:					
Instruction:					
Regular	\$8,924,674	\$726,082	\$955,965		(\$7,242,627)
Special	3,042,752	64,165	1,678,052		(1,300,535)
Vocational	216,791		22,464		(194,327)
Student Intervention Services	560,238		537,927		(22,311)
Support Services:					
Pupils	1,584,356		367,391		(1,216,965)
Instructional Staff	753,272		394,361		(358,911)
Board of Education	27,048				(27,048)
Administration	1,674,211	11,055	184,957		(1,478,199)
Fiscal	396,420				(396,420)
Business	214,543				(214,543)
Operation and Maintenance of Plant	2,138,340		18,834	\$30	(2,119,476)
Pupil Transportation	1,045,325	24,787	110,598	13,365	(896,575)
Central	62,011		5,532		(56,479)
Operation of Non-Instructional Services	1,024,452	208,316	801,310		(14,826)
Extracurricular Activities	758,857	166,854	8,605		(583,398)
Interest and Fiscal Charges	348,081				(348,081)
Total Governmental Activities	<u>\$22,771,371</u>	<u>\$1,201,259</u>	<u>\$5,085,996</u>	<u>\$13,395</u>	<u>(16,470,721)</u>
General Revenues:					
Property Taxes Levied for:					
					7,640,590
					479,389
					8,486,431
					233,114
					67,691
					<u>16,907,215</u>
					436,494
					9,708,417
					<u>\$10,144,911</u>

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$7,107,418	\$1,016,777	\$8,124,195
Cash and Cash Equivalents in Segregated Accounts		2,000	2,000
Cash and Cash Equivalents with Escrow Agents		54,980	54,980
Receivables:			
Property Taxes	7,609,408	544,447	8,153,855
Accounts	1,116		1,116
Intergovernmental	5,888	4,465	10,353
Accrued Interest	9,804		9,804
Materials and Supplies Inventory	8,834	3,420	12,254
Inventory Held for Resale		13,262	13,262
Restricted Assets:			
Investments with Escrow Agents	1,282,877		1,282,877
Equity in Pooled Cash and Cash Equivalents	52,637		52,637
Total Assets	<u><u>\$16,077,982</u></u>	<u><u>\$1,639,351</u></u>	<u><u>\$17,717,333</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$24,428	\$1,250	\$25,678
Retainage Payable	142,841	54,904	197,745
Accrued Wages and Benefits Payable	914,151	292,937	1,207,088
Matured Compensated Absences Payable	51,825		51,825
Intergovernmental Payable	429,418	84,611	514,029
Deferred Revenue	7,113,700	513,385	7,627,085
Total Liabilities	<u><u>8,676,363</u></u>	<u><u>947,087</u></u>	<u><u>9,623,450</u></u>
Fund Balances:			
Reserved for Encumbrances	228,965	220	229,185
Reserved for Property Taxes	500,576	31,062	531,638
Reserved for Debt Service Payments	1,282,877		1,282,877
Reserved for Budget Stabilization	52,637		52,637
Unreserved, Undesignated, Reported in:			
General Fund	5,336,564		5,336,564
Special Revenue Funds		448,222	448,222
Debt Service Fund		212,638	212,638
Capital Projects Funds		122	122
Total Fund Balances	<u><u>7,401,619</u></u>	<u><u>692,264</u></u>	<u><u>8,093,883</u></u>
Total Liabilities and Fund Balances	<u><u>\$16,077,982</u></u>	<u><u>\$1,639,351</u></u>	<u><u>\$17,717,333</u></u>

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009**

Total Governmental Fund Balances	\$8,093,883
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$1,413,567	
Land Improvements	1,505,096	
Buildings and Improvements	18,738,285	
Furniture and Equipment	5,859,597	
Vehicles	964,709	
Accumulated Depreciation	<u>(15,676,455)</u>	
Total Capital Assets		12,804,799

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Interest	4,868	
Property Taxes	<u>1,622,944</u>	
		1,627,812

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	96,384
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Long-term liabilities, including bonds and loans payable, accrued interest payable, and capital leases are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Accrued Interest Payable	(40,311)	
Energy Conservation Loan	(345,000)	
General Obligation Bonds	(6,462,186)	
Capital Leases	(4,500,000)	
Compensated Absences	<u>(1,130,470)</u>	
Intergovernmental Payable	<u> </u>	
Total Liabilities		<u>(12,477,967)</u>

Net Assets of Governmental Activities	<u><u>\$10,144,911</u></u>
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See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property Taxes	\$7,320,371	\$368,669	\$7,689,040
Intergovernmental	9,011,796	4,546,378	13,558,174
Investment Earnings	228,246	1,662	229,908
Tuition and Fees	815,034		815,034
Extracurricular Activities	3,030	92,132	95,162
Charges for Services		203,333	203,333
Rent	87,730		87,730
Gifts and Donations		25,986	25,986
Miscellaneous	41,728	25,963	67,691
Total Revenues	<u>17,507,935</u>	<u>5,264,123</u>	<u>22,772,058</u>
Expenditures:			
Current:			
Instruction:			
Regular	7,568,574	1,014,519	8,583,093
Special	1,935,051	1,134,269	3,069,320
Vocational	212,955		212,955
Student Intervention Services		513,740	513,740
Support Services:			
Pupils	1,199,269	378,553	1,577,822
Instructional Staff	368,738	369,572	738,310
Board of Education	27,048		27,048
Administration	1,510,989	205,710	1,716,699
Fiscal	387,925	6,814	394,739
Business	213,213		213,213
Operation and Maintenance of Plant	2,183,390	12,391	2,195,781
Pupil Transportation	1,013,784	100,998	1,114,782
Central	55,926	6,085	62,011
Operation of Non-Instructional Services	1,176	1,040,425	1,041,601
Extracurricular Activities	446,757	87,786	534,543
Capital Outlay	32,749		32,749
Debt Service:			
Principal Retirement	110,000	135,000	245,000
Interest and Fiscal Charges	43,600	248,183	291,783
Interest on Capital Appreciation Bonds		100,000	100,000
Total Expenditures	<u>17,311,144</u>	<u>5,354,045</u>	<u>22,665,189</u>
Excess of Revenues Over Expenditures	<u>196,791</u>	<u>(89,922)</u>	<u>106,869</u>
Fund Balances at Beginning of Year	<u>7,204,828</u>	<u>782,186</u>	<u>7,987,014</u>
Fund Balances at End of Year	<u>\$7,401,619</u>	<u>\$692,264</u>	<u>\$8,093,883</u>

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds \$106,869

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

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. In the current period, these amounts are:

Capital Outlay	\$376,730	
Current Year Depreciation Expense	<u>(773,703)</u>	
Excess of Capital Outlay under Depreciation Expense		(396,973)

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

These amounts consist of:

Energy Conservation Loan Payments	110,000	
General Obligation Bond Principal Payments	135,000	
Interest on Capital Appreciation Bonds	<u>100,000</u>	
		345,000

Interest on long-term debt in the statement of activities differs from the amount
reported in the governmental funds because interest is recognized as an expenditure
in the funds, when it is due, and thus requires the use of current financial resources.
In the statement of activities, however, interest expense is recognized as the interest
accrues, regardless of when it is due. The additional amount of interest on the
statement of activities is a result of the following:

Decrease in Accrued Interest Payable		269
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Accretion on capital appreciation bonds, the amortization of bond issuance costs,
and bond premiums are not reported in the funds, but are allocated as an expense over
the life of the debt in the statement of activities:

Amortization of Premium on Bonds	5,124	
Accretion on Capital Appreciation Bonds	(56,618)	
Net Amortization of Bond Issuance Costs (Deferred Charges)	<u>(5,073)</u>	
		(56,567)

Some revenues that will not be collected for several months after the School
District's fiscal year-end are not considered "available" revenues and are
Deferred revenues changed by these amounts this year:
deferred in the governmental funds:

Property Taxes	430,939	
Interest	<u>4,868</u>	
		435,807

Some items 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. These activities consist of:

Decrease in Compensated Absences		<u>2,089</u>
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Change in Net Assets of Governmental Activities	<u><u>\$436,494</u></u>
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See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$7,208,635	\$7,304,675	\$7,304,675	
Intergovernmental	8,793,165	8,958,918	8,958,918	
Investment Earnings	275,000	93,706	93,706	
Tuition and Fees	209,500	818,166	818,166	
Extracurricular Activities	3,100	3,030	3,030	
Rent	72,000	86,614	86,614	
Miscellaneous	3,500	40,627	40,627	
Total Revenues	<u>16,564,900</u>	<u>17,305,736</u>	<u>17,305,736</u>	
Expenditures:				
Current:				
Instruction:				
Regular	8,409,589	8,409,589	7,537,972	\$871,617
Special	2,834,403	2,834,403	1,961,573	872,830
Vocational	414,750	414,750	233,725	181,025
Support Services:				
Pupils	1,649,618	1,649,618	1,194,776	454,842
Instructional Staff	828,482	828,482	372,320	456,162
Board of Education	173,289	173,289	27,772	145,517
Administration	1,489,210	1,489,210	1,633,114	(143,904)
Fiscal	308,507	308,507	406,265	(97,758)
Business	155,837	155,837	218,258	(62,421)
Operation and Maintenance of Plant	1,662,416	1,662,416	2,033,274	(370,858)
Pupil Transportation	719,353	719,353	1,035,026	(315,673)
Central	33,246	33,246	53,778	(20,532)
Operation of Non-Instructional Services	756	756	1,176	(420)
Extracurricular Activities	358,984	358,984	445,135	(86,151)
Capital Outlay	255,957	255,957	428,970	(173,013)
Debt Service:				
Principal Retirement	21,361	21,361	110,000	(88,639)
Interest and Fiscal Charges	35,320	35,320	43,600	(8,280)
Total Expenditures	<u>19,351,078</u>	<u>19,351,078</u>	<u>17,736,734</u>	<u>1,614,344</u>
Excess of Revenues Under Expenditures	<u>(2,786,178)</u>	<u>(2,045,342)</u>	<u>(430,998)</u>	<u>1,614,344</u>
Other Financing Sources (Uses):				
Payment to Escrow Agent	(229,555)	(229,555)	(229,555)	
Refund of Prior Year Expenditures		50,158	50,158	
Refund of Prior Year Receipts	(581)	(581)	(150)	431
Advances - In		160,000	160,000	
Advances - Out			(160,000)	(160,000)
Total Other Financing Sources (Uses)	<u>(230,136)</u>	<u>(19,978)</u>	<u>(179,547)</u>	<u>(159,569)</u>
Net Change in Fund Balance	(3,016,314)	(2,065,320)	(610,545)	1,454,775
Fund Balance at Beginning of Year	6,798,252	6,798,252	6,798,252	
Prior Year Encumbrances Appropriated	581,176	581,176	581,176	
Fund Balance at End of Year	<u>\$4,363,114</u>	<u>\$5,314,108</u>	<u>\$6,768,883</u>	<u>\$1,454,775</u>

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2009**

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$20,408</u></u>
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Liabilities:

Due to Students	<u><u>\$20,408</u></u>
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See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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 1931 through the consolidation of existing land areas and school districts. The School District serves an area of approximately seven square miles. It is located in Montgomery County.

A. Reporting Entity:

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

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

The School District participates in four jointly governed organizations, two insurance purchasing pools, and one public entity shared risk pool. These organizations are discussed in Note 15 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Metropolitan Dayton Educational Cooperative Association
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association
- Miami Valley Career Technology Center

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan
- Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program

Public Entity Shared Risk Pool:

- Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

1. 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. The government-wide financial statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

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 are 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, with certain limited exceptions. 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.

2. 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 rather than reporting by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. The School District divides its funds into two categories: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions of the School District 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 is the School District's major governmental fund:

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

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

2. Fiduciary Funds:

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. The School District's only fiduciary fund is an agency fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements:

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

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 and the financial statements of the fiduciary fund are prepared using 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.

1. 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. "Measurable" means that the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 fiscal year when the resources are required to be used or the fiscal 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 non-exchange 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, tuition, student fees, grants, and interest.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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, 2009, but which were levied to finance fiscal year 2010 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.

3. 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. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, except cash held in a segregated bank account separate from the School District's central bank account as petty cash for School District managed activities, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented on the financial statements as "Equity in Pooled Cash and Cash Equivalents."

Cash received for district managed activities is presented on the balance sheet as "Cash and Cash Equivalents In Segregated Accounts" since it is not required to be deposited into the School District treasury. The School District holds money in a sinking fund to be used for the payment of the capital lease for the building renovation project. The balance in this account is presented on the financial statements as "Restricted Assets: Investments with Escrow Agents." Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and not held by the School District are reported as "Cash and Cash Equivalents with Escrow Agents."

During fiscal year 2009, the School District invested in the U.S. Treasury Money Market Mutual Fund, U.S. Treasury Bills, Freddie Mac Discount Notes, Federal Home Loan Bank Bonds, Federal Home Loan Bank Discount Bonds, Federal Farm Credit Bank Notes, Fannie Mae Discount Notes, Fannie Mae Notes, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on the fund's share price.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2009 amounted to \$228,246, which includes \$26,633 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

F. Inventory

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

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents legally required by statute to be set aside by the School District to create a reserve for budget stabilization and debt service payments required by the lease agreement.

H. Bond Premiums/Issuance Costs/Compounded Interest on Capital Appreciation Bonds

On 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. Capital appreciation bonds are accreted each year for the compounded interest during the year. Bond premiums and the compounded interest earned on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period in which the debt is issued.

I. Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually result from expenditures in 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 which is determined by indexing the current replacement cost back to the fiscal year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-20 years
Buildings and Improvements	20-50 years
Furniture and Equipment	8-20 years
Vehicles	10-15 years

J. 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 governmental funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term loans, bonds, and capital leases are recognized as a liability in the governmental fund financial statements when due.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the School District.

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

On governmental fund financial statements, compensated absences are reported 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 the employees will be paid.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include amounts for music and athletic programs, and student activities, and federal and State grants whose use is restricted to specified purposes.

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

M. 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 balance reserves have been established for encumbrances, property taxes, future debt service payments, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization is money set aside as required by State statute to protect against cyclical changes in revenues and expenditures.

N. Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

O. 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.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. 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 budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given the authority to allocate the Board's appropriations to the function and object level.

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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the final appropriations were passed. Prior to fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year in all funds.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

3. ACCOUNTABILITY

At June 30, 2009, the Public Preschool, Poverty Based Assistance, Title VI-B, Title I and Title VI-R Special Revenue Funds had deficit fund balances of \$3,056, \$19,418, \$1,560, \$146, and \$3,573, respectively. The General Fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

4. 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 balance - budget (non-GAAP basis) and actual is presented for the General Fund 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 as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General
GAAP Basis	\$196,791
Revenue Accruals	(152,041)
Expenditure Accruals	(34,568)
Encumbrances	(393,065)
Sinking Fund Payment to Escrow Agent	(229,555)
Change in Fair Value of Investments FY09	1,893
Budget Basis	(\$610,545)

5. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 monies 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

A. 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, \$4,323,978 of the School District's bank balance of \$5,363,551 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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 105 percent of the deposits being secured.

B. Investments

As of June 30, 2009, the School District had the following investments. Except for the investments held by escrow agents for the lease agreement, all investments are in an internal investment pool.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Rating *</u>	<u>Percent of Total Investments</u>
U.S. Treasury Money Market Mutual Fund	\$534,488	\$534,488	Aaa	14%
U.S. Treasury Bills	99,978	99,978	Aaa	3%
Freddie Mac Discount Notes	134,963	134,963	P-1	4%
Federal Home Loan Bank Bonds	326,501	326,501	Aaa	9%
Federal Home Loan Bank Discount Bonds	399,920	399,920	P-1	11%
Federal Farm Credit Bank Notes	49,975	49,975	Aaa	1%
Fannie Mae Discount Notes	497,886	497,886	P-1	13%
Fannie Mae Notes	145,226	145,226	Aaa	4%
STAROhio	1,532,650	1,532,650	AAAm	41%
	<u>\$3,721,587</u>	<u>\$3,721,587</u>		

*All investment rating are Moody's ratings except for STAROhio, which is Standard and Poor's rating.

Interest Rate Risk – The School District's investment policy addresses interest rate risk by stating that the School District will attempt to match its investments with anticipated cash flow requirements and unless matched to a specific cash flow requirement, investments must mature within five years from the date of purchase. 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.

1. Credit Risk:

The Moody's and Standard and Poor's ratings of the School District's investments are listed in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

2. Concentration of Credit Risk:

The School District places no limit on the amount it may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The percentage that each investment represents of the total investments is listed in the table above.

6. PROPERTY TAXES

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

6. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected in calendar year 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, 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 represents the real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009 was \$500,576 in the General Fund and \$31,062 in the Bond Retirement Fund. The amount available as an advance at June 30, 2008, was \$484,880 in the General Fund and \$31,031 in the Bond Retirement 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 has been deferred.

The assessed values upon which the fiscal year 2009 taxes were collected are:

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

6. PROPERTY TAXES (Continued)

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$170,833,730	86%	\$172,112,950	97%
Public Utility Personal	3,997,400	2%	4,819,800	3%
General Business Personal	23,610,411	12%		0%
Total Assessed Value	<u>\$198,441,541</u>	<u>100%</u>	<u>\$176,932,750</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$63		\$63	

7. RECEIVABLES

Receivables at June 30, 2009, consisted of property taxes, accounts (tuition and student fees), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
E-Rate Grant	\$ 5,888
Food Service	811
SMART Grant	3,654
Total Intergovernmental Receivable	<u>\$10,353</u>

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/08	Additions	Deductions	Balance 6/30/09
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 1,413,567			\$ 1,413,567
Capital Assets, Being Depreciated:				
Land Improvements	1,504,569	\$ 527		1,505,096
Buildings and Improvements	18,693,172	45,113		18,738,285
Furniture and Equipment	5,694,809	165,418	(\$ 630)	5,859,597
Vehicles	864,696	165,672	(65,659)	964,709
Total Capital Assets, Being Depreciated	<u>26,757,246</u>	<u>376,730</u>	<u>(66,289)</u>	<u>27,067,687</u>
Less Accumulated Depreciation:				
Land Improvements	(1,057,650)	(56,515)		(1,114,165)
Buildings and Improvements	(8,339,641)	(512,889)		(8,852,530)
Furniture and Equipment	(4,868,332)	(157,405)	630	(5,025,107)
Vehicles	(703,418)	(46,894)	65,659	(684,653)
Total Accumulated Depreciation	<u>(14,969,041)</u>	<u>(773,703)</u> *	<u>66,289</u>	<u>(15,676,455)</u>
Capital Assets, Being Depreciated, Net	<u>11,788,205</u>	<u>(396,973)</u>		<u>11,391,232</u>
Governmental Activities Capital Assets, Net	<u>\$13,201,772</u>	<u>(\$396,973)</u>	<u>\$ 0</u>	<u>\$12,804,799</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

8. CAPITAL ASSETS (Continued)

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$411,317
Special	359
Vocational	1,723
Student Intervention Services	300
Support Services:	
Pupils	18,668
Instructional Staff	2,813
Administration	8,166
Fiscal	1,170
Business	983
Operation and Maintenance of Plant	35,599
Pupil Transportation	42,422
Operation of Non-Instructional Services	25,813
Extracurricular Activities	<u>224,370</u>
Total Depreciation Expense	<u><u>\$773,703</u></u>

9. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with the Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program (Note 15) for general liability, property, and fleet insurance.

The types and amounts of coverage includes:

Building and Contents – replacement cost	\$60,767,800
Automobile Liability:	
Each Occurrence	1,000,000
Medical Expense	5,000
Education General Liability:	
Each Occurrence	1,000,000
Medical Expense	5,000
General Aggregate Limit	3,000,000
Employer's Liability and Stop Gap:	
Each Accident	1,000,000
Aggregate Limit	1,000,000
Each Employee	1,000,000
Employee benefit Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
School Board Legal Liability:	
Each Claim	1,000,000
Aggregate Limit	1,000,000

(Continued)

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

9. RISK MANAGEMENT (Continued)

Crime Insurance:	
Money and Securities – Each Loss	500,000
Employee Dishonesty – Each Loss	500,000
Depositors Forgery – Each Loss	500,000

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

B. Medical Benefits

For fiscal year 2009, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of 55 school districts (Note 15). The School District pays monthly premiums to the Trust for employee medical, dental, life, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For fiscal year 2009, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). 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 Corvel Corporation provides administrative, cost control, and actuarial services to the GRP.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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 2009, 9.09 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, 2009, 2008 and 2007 were \$239,998, \$230,286, and \$301,023 respectively; 42 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – For the fiscal year ended June 30, 2009, 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,135,024, \$1,095,175, and \$1,122,664, respectively; 84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$13,526 made by the School District and \$8,535 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

11. 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 (SERS) 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 SERS 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 Street, 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 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$163,454, \$145,917, and \$146,178, respectively; 42 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$17,255, \$16,593, and \$20,364, respectively; 42 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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 2009, STRS Ohio allocated employer contributions equal to one 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, 2009, 2008, and 2007 were \$87,310, \$84,244, and \$86,359, respectively; 84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

12. OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 20 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 up to a maximum of 360 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 90 days for all employees.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

13. CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into a lease agreement for a renovation project involving the buildings of the School District, which meets the definition of a Qualified Zone Academy debt. As of June 30, 2005, the work had been completed. The School District makes annual interest payments of 0.68 percent to the lessor and annual sinking fund payments to the escrow agent. The escrow agent is investing the School District's deposits and has guaranteed a return on the investments to meet the School District's lease liability. Chase Bank will be repaid in fiscal year 2019 when the \$4,500,000 lease payment is due. There are mandatory deposits required to be made with the escrow agent in order to ensure that the lease is paid timely. The School District is current on the deposits.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2009.

Fiscal Year Ending June 30,	Amount
2010	\$ 30,600
2011	30,600
2012	30,600
2013	30,600
2014	30,600
2015-2019	4,653,000
Total	4,806,000
Less: Amount Representing Interest	(306,000)
Present Value of Minimum Lease Payments	<u>\$4,500,000</u>

The following is a schedule of the interest and sinking fund payments required under the lease and escrow agreements:

Fiscal Year Ending June 30,	Interest	Sinking Fund Payments	Total Lease Payments
2010	\$ 30,600	\$ 229,555	\$ 260,155
2011	30,600	229,555	260,155
2012	30,600	229,555	260,155
2013	30,600	229,555	260,155
2014	30,600	229,555	260,155
2015-2019	153,000	918,220	1,071,220
	<u>\$306,000</u>	<u>\$2,065,995</u>	<u>\$2,371,995</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

<u>Types / Issues</u>	<u>Balance 6/30/08</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/09</u>	<u>Due Within One Year</u>
Governmental Activities:					
2003 Energy Conservation Loan 3.25%	\$ 455,000		\$110,000	\$ 345,000	\$110,000
2003 School Improvement Bonds:					
Serial Bonds 2.00-4.40%	4,555,000			4,555,000	
Term Bonds 4.75%	1,370,000			1,370,000	
Capital Appreciation Bonds 9.27-10.08%	390,000		135,000	255,000	130,000
Accretion on Capital Appreciation Bonds	228,209	\$ 56,618	100,000	184,827	120,000
Premium on Bonds	102,483		5,124	97,359	
Total Long-Term Debt	<u>7,100,692</u>	<u>56,618</u>	<u>350,124</u>	<u>6,807,186</u>	<u>360,000</u>
Compensated Absences Payable	1,132,559	151,383	153,472	1,130,470	172,397
Capital Lease Payable	<u>4,500,000</u>			<u>4,500,000</u>	
Total - General Long-Term Obligations	<u>\$12,733,251</u>	<u>\$208,001</u>	<u>\$503,596</u>	<u>\$12,437,656</u>	<u>\$532,397</u>

2003 Energy Conservation Loan - On June 16, 2003, Northridge Local School District issued \$947,125 in an unvoted general obligation loan for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The loan was issued for a nine year period with final maturity during fiscal year 2012. The debt will be retired from the anticipated savings over the 9 years and will be paid from the General Fund.

School Improvement Bonds - On April 8, 2003, Northridge Local School District issued \$7,380,000 in school improvement general obligation bonds. Of these bonds, \$5,620,000 are serial bonds, \$1,370,000 are term bonds, and \$390,000 are capital appreciation bonds. The bonds were issued for a 25-year period with final maturity during fiscal year 2028. The bonds will be retired from the Bond Retirement Fund with property tax revenues.

The term bonds issued at \$1,370,000 and maturing on December 1, 2027, will be subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the fiscal years and in the respective principal amounts as follows:

<u>Fiscal Year</u>	<u>Amount to be Redeemed</u>
2026	\$435,000
2027	455,000
2028	480,000

The serial bonds maturing after December 1, 2013, are subject to optional redemption at the direction of the School District, in whole at any time or in part on any interest payment date, in any order as determined by the School District and by lot within a maturity, on or after December 1, 2012, at the redemption prices (expressed as percentages of the principal amount) set forth in the bond purchase agreement, plus accrued interest to the redemption date.

The capital appreciation bonds, issued at \$390,000, are not subject to prior redemption. The capital appreciation bonds mature in fiscal years 2009 through 2011 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2009. The maturity amount of the capital appreciation bonds is \$735,000. For fiscal year 2009, the capital appreciation bonds were accreted \$56,618.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

The capital lease will be paid from the General Fund. Compensated absences will be paid from the General, Food Service, Poverty Based Assistance, Title VI-B, Title I, and Title VI-R Funds.

The School District's overall legal debt margin was \$9,916,518, the energy conservation loan debt margin was \$1,240,282, and the unvoted debt margin was \$176,142 at June 30, 2009.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2009, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Energy Conservation Note</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$110,000	\$ 9,425
2011	115,000	5,769
2012	120,000	1,950
Totals	<u>\$345,000</u>	<u>\$17,144</u>

<u>Fiscal Year Ending June 30,</u>	<u>Serial Bond Principal</u>	<u>Serial Bond Interest</u>	<u>Capital Appreciation Bond Principal</u>	<u>Capital Appreciation Bond Interest</u>	<u>Term Bond Principal</u>	<u>Term Bond Interest</u>
2010		\$ 183,109	\$130,000	\$120,000		\$ 65,075
2011		183,109	125,000	125,000		65,075
2012	\$ 250,000	178,797				65,075
2013	260,000	169,869				65,075
2014	270,000	160,327				65,075
2015-2019	1,510,000	636,171				325,375
2020-2024	1,850,000	295,462				325,375
2025-2028	415,000	9,130			\$1,370,000	164,825
Total	<u>\$4,555,000</u>	<u>\$1,815,974</u>	<u>\$255,000</u>	<u>\$245,000</u>	<u>\$1,370,000</u>	<u>\$1,140,950</u>

15. JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOL, AND PUBLIC ENTITY SHARED RISK POOL

A. Jointly Governed Organizations

Metropolitan Dayton Educational Cooperative Association - The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami, and Darke Counties and the Cities of Dayton, Troy, and Greenville. 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 MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. Payments to MDECA are made from the General Fund. The School District paid MDECA \$54,956 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOL, AND PUBLIC ENTITY SHARED RISK POOL (Continued)

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are generally made from the General Fund. During fiscal year 2009, the School District paid \$976 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under chapter 1702 of the Ohio Revised Code. The purpose of SOITA is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2009, the School District paid \$1,096 to SOITA for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Miami Valley Career Technology Center - The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Miamisburg, Milton-Union, Vandalia, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center and one is appointed from the Miami County Educational Service Center. The School District did not contribute financially to this organization during fiscal year 2009. To obtain financial information, write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOL, AND PUBLIC ENTITY SHARED RISK POOL (Continued)

B. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program - The School District participates in the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Program (LFP). The LFP's business and affairs are conducted by a six member committee consisting of various LFP representatives that are elected by the general assembly. The purpose of the Property, Fleet, and Liability Program of the SOEPC is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participants.

C. Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust - The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

16. SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. The amount reserved for budget stabilization represents refunds received from the Bureau of Workers' Compensation. Based on legislative changes, this is the only money still required to be set-aside for this purpose.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

16. SET-ASIDE CALCULATIONS (Continued)

<u>Company</u>	<u>Textbooks/ Instructional Materials</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2008	(\$232,191)		\$52,637
Current Fiscal Year Set-aside Requirement	263,995	\$263,995	
Current Fiscal Year Offsets		(263,995)	
Qualifying Disbursements	(280,222)		
Totals	<u>(248,418)</u>		<u>52,637</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>(248,418)</u>		<u>52,637</u>
Set-aside Reserve Balance as of June 30, 2009	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$52,637</u>

The School District had qualifying disbursements during the fiscal year that reduced textbook/instructional materials below zero. The extra amount for textbooks/instructional materials may be used to reduce the set-aside requirements in future fiscal years.

17. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2009.

B. Litigation

The School District is currently involved in a legal proceeding as of June 30, 2009. The School District is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster:					
Cash Assistance					
School Breakfast Program	10.553	\$174,839		\$174,839	
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$99,832		\$99,832
Cash Assistance					
National School Lunch Program	10.555	501,983		501,983	
Total Child Nutrition Cluster		<u>676,822</u>	<u>99,832</u>	<u>676,822</u>	<u>99,832</u>
Total U.S. Department of Agriculture		<u>676,822</u>	<u>99,832</u>	<u>676,822</u>	<u>99,832</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	1,007,383		977,148	
Special Education Cluster:					
Special Education Grants to States	84.027	386,587		389,704	
Special Education Preschool Grants	84.173	5,071		5,071	
Total Special Education Cluster		<u>391,658</u>		<u>394,775</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	9,904		9,904	
State Grants for Innovative Programs	84.298	1,449		1,449	
Education Technology State Grants	84.318	9,435		9,435	
Improving Teacher Quality State Grants	84.367	190,134		190,816	
School Improvement Grants	84.377	120,000		120,000	
Total U.S. Department of Education		<u>1,729,963</u>		<u>1,703,527</u>	
Total Federal Assistance		<u>\$2,406,785</u>	<u>\$99,832</u>	<u>\$2,380,349</u>	<u>\$99,832</u>

The accompanying notes are an integral part of this schedule.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the 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.

NOTE D - 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.



Mary Taylor, CPA

Auditor of State

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

Northridge Local School District
Montgomery County
2011 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 25, 2010



Mary Taylor, CPA

Auditor of State

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

Northridge Local School District
Montgomery County
2011 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

Compliance

We have audited the compliance of Northridge Local School District, Montgomery County, (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 apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

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

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**Internal Control Over Compliance
(Continued)**

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

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

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

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



Mary Taylor, CPA
Auditor of State

January 25, 2010

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Northridge Local School District
Montgomery County
2011 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 10, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;

- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

January 25, 2010



Mary Taylor, CPA
Auditor of State

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 18, 2010**