



**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Northridge Local School District
Montgomery County
2011 Timber Lane
Dayton, Ohio 45414-4528

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Northridge Local School District, Montgomery County, (the District), as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Northridge Local School District, Montgomery County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

January 8, 2001

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
Assets and Other Debits			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$10,312,126	\$617,943	\$406,900
Cash and Cash Equivalents In Segregated Accounts		2,000	
Receivables:			
Property and Other Taxes Accounts	11,837,261	3,344	221
Intergovernmental	124,647	39,195	
Accrued Interest	70,549		
Prepaid Items	14,132		
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	315,627		
Inventory Held for Resale			17,326
Inventory of Supplies and Materials	8,270		1,805
Fixed Assets (Net, where applicable, of Accumulated Depreciation)			70,716
Other Debits:			
Amount to be Provided for Retirement of General Long-Term Obligations			
Total Assets and Other Debits	<u>\$22,685,956</u>	<u>\$659,563</u>	<u>\$496,968</u>
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts Payable	\$39,458	\$13,648	\$2,112
Retainage Payable	7,089		
Accrued Wages and Benefits Payable	126,912	37,516	7,421
Compensated Absences Payable	163,758	2,518	22,147
Intergovernmental Payable	264,061	13,296	45,975
Deferred Revenue	11,707,868		15,093
Due to Students			
Capital Leases Payable			
Energy Conservation Loan Payable			
Special Termination Benefit Payable			
Total Liabilities	<u>12,309,146</u>	<u>66,978</u>	<u>92,748</u>
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Retained Earnings:			
Unreserved			404,220
Fund Balance:			
Reserved for Encumbrances	414,800	22,711	
Reserved for Inventory of Supplies and Materials	8,270		
Reserved for Property Taxes	184,078		
Reserved for Budget Stabilization	119,545		
Reserved for Bus Purchase	36,160		
Reserved for Textbooks	43,681		
Reserved for Capital Acquisition	116,241		
Unreserved:			
Designated for Set-asides	58,652		
Undesignated	9,395,383	569,874	
Total Fund Equity and Other Credits	<u>10,376,810</u>	<u>592,585</u>	<u>404,220</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$22,685,956</u>	<u>\$659,563</u>	<u>\$496,968</u>

See Accompanying Notes to the General Purpose Financial Statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Agency			
\$24,950			\$11,361,919
			2,000
			11,837,261
596			4,586
			163,842
			70,549
			14,132
			315,627
			17,326
			10,075
	9,919,311		9,990,027
		1,885,553	1,885,553
<u>\$25,546</u>	<u>\$9,919,311</u>	<u>\$1,885,553</u>	<u>\$35,672,897</u>
\$637			\$55,855
			7,089
			171,849
		1,500,448	1,688,871
		126,260	449,592
			11,722,961
24,909			24,909
		20,545	20,545
		175,000	175,000
		63,300	63,300
<u>25,546</u>		<u>1,885,553</u>	<u>14,379,971</u>
	9,919,311		9,919,311
			404,220
			437,511
			8,270
			184,078
			119,545
			36,160
			43,681
			116,241
			58,652
			9,965,257
	<u>9,919,311</u>		<u>21,292,926</u>
<u>\$25,546</u>	<u>\$9,919,311</u>	<u>\$1,885,553</u>	<u>\$35,672,897</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues:				
Property and Other Taxes	\$9,675,758			\$9,675,758
Tuition and Fees	154,162	\$117,045		271,207
Interest	668,328			668,328
Intergovernmental	5,015,334	2,482,433	\$2,250	7,500,017
Rent	61,531			61,531
Extracurricular Activities	16,032	145,443		161,475
Miscellaneous	5,571	11,855		17,426
Total Revenues	<u>15,596,716</u>	<u>2,756,776</u>	<u>2,250</u>	<u>18,355,742</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,445,364	807,148	5,963	7,258,475
Special	1,789,136	813,467		2,602,603
Vocational	308,054			308,054
Support Services:				
Pupils	648,046	223,960	9,125	881,131
Instructional Staff	449,009	382,174	2,250	833,433
Board of Education	10,987			10,987
Administration	1,487,243	89,423		1,576,666
Fiscal	326,301			326,301
Business	45,556			45,556
Operation and Maintenance of Plant	1,344,196	63,411		1,407,607
Pupil Transportation	535,539	58,606		594,145
Central	40,278			40,278
Operation of Non-Instructional Services	1,941	4,397		6,338
Extracurricular Activities	287,982	99,485		387,467
Capital Outlay	217,526			217,526
Debt Service:				
Principal Retirement	61,184		67,241	128,425
Interest and Fiscal Charges	13,467			13,467
Total Expenditures	<u>14,011,809</u>	<u>2,542,071</u>	<u>84,579</u>	<u>16,638,459</u>
Excess of Revenues Over (Under) Expenditures	<u>1,584,907</u>	<u>214,705</u>	<u>(82,329)</u>	<u>1,717,283</u>
Other Financing Sources:				
Inception of Capital Lease	14,078			14,078
Proceeds from Sale of Fixed Assets	4,607			4,607
Total Other Financing Sources	<u>18,685</u>	<u>0</u>	<u>0</u>	<u>18,685</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	1,603,592	214,705	(82,329)	1,735,968
Fund Balances at Beginning of Year	8,773,850	377,880	82,329	9,234,059
Decrease in Reserve for Inventory	(632)			(632)
Fund Balances at End of Year	<u>\$10,376,810</u>	<u>\$592,585</u>	<u>\$0</u>	<u>\$10,969,395</u>

See Accompanying Notes to the General Purpose Financial Statements.

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	\$9,656,161	\$9,656,161	\$0
Tuition and Fees	139,778	139,778	0
Interest	661,604	661,604	0
Intergovernmental	5,024,086	5,024,086	0
Rent	17,531	17,531	0
Extracurricular Activities	14,117	14,117	0
Miscellaneous	5,874	5,874	0
Total Revenues	15,519,151	15,519,151	0
Expenditures:			
Current:			
Instruction:			
Regular	6,420,118	6,420,118	0
Special	1,801,153	1,801,153	0
Vocational	327,492	327,492	0
Other	151,905	151,905	0
Support Services:			
Pupils	805,653	805,653	0
Instructional Staff	480,875	480,875	0
Board of Education	11,009	11,009	0
Administration	1,618,026	1,618,026	0
Fiscal	335,759	335,759	0
Business	48,997	48,997	0
Operation and Maintenance of Plant	1,411,277	1,411,277	0
Pupil Transportation	651,795	651,795	0
Central	44,978	44,978	0
Operation of Non-Instructional Services	1,941	1,941	0
Extracurricular Activities	293,439	293,439	0
Capital Outlay	293,134	293,134	0
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	11,385	11,385	0
Total Expenditures	14,763,936	14,763,936	0
Excess of Revenues Over (Under) Expenditures	755,215	755,215	0
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	4,607	4,607	0
Refund of Prior Year Expenditures	154,549	154,549	0
Refund of Prior Year Receipts	(303)	(303)	0
Total Other Financing Sources (Uses)	158,853	158,853	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	914,068	914,068	0
Fund Balances at Beginning of Year	8,661,062	8,661,062	0
Prior Year Encumbrances Appropriated	455,800	455,800	0
Fund Balances at End of Year	\$10,030,930	\$10,030,930	\$0

See Accompanying Notes to the General Purpose Financial Statements.

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
121,167	121,167	0	0	0	0
0	0	0	0	0	0
2,543,007	2,543,007	0	2,250	2,250	0
0	0	0	0	0	0
145,508	145,508	0	0	0	0
11,926	11,926	0	0	0	0
<u>2,821,608</u>	<u>2,821,608</u>	<u>0</u>	<u>2,250</u>	<u>2,250</u>	<u>0</u>
786,161	786,161	0	73,204	73,204	0
942,711	942,711	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
230,783	230,783	0	9,125	9,125	0
380,773	380,773	0	2,250	2,250	0
0	0	0	0	0	0
92,321	92,321	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
66,192	66,192	0	0	0	0
57,058	57,058	0	0	0	0
0	0	0	0	0	0
4,247	4,247	0	0	0	0
114,316	114,316	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>2,674,562</u>	<u>2,674,562</u>	<u>0</u>	<u>84,579</u>	<u>84,579</u>	<u>0</u>
147,046	147,046	0	(82,329)	(82,329)	0
0	0	0	0	0	0
1,611	1,611	0	0	0	0
0	0	0	0	0	0
<u>1,611</u>	<u>1,611</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
148,657	148,657	0	(82,329)	(82,329)	0
398,992	398,992	0	82,329	82,329	0
33,830	33,830	0	0	0	0
<u>\$581,479</u>	<u>\$581,479</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise
Operating Revenues:	
Sales	\$284,215
Other	40
Total Operating Revenues	284,255
Operating Expenses:	
Salaries	276,857
Fringe Benefits	115,815
Purchased Services	21,908
Materials and Supplies	19,712
Cost of Sales	339,661
Depreciation	17,082
Total Operating Expenses	791,035
Operating Loss	(506,780)
Non-Operating Revenues:	
Interest	10,709
Federal and State Subsidies	441,620
Federal Donated Commodities	73,009
Total Non-Operating Revenues	525,338
Net Income	18,558
Retained Earnings at Beginning of Year	385,662
Retained Earnings at End of Year	\$404,220

See Accompanying Notes to the General Purpose Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$285,375	\$285,375	\$0
Interest	10,709	10,709	0
Federal and State Subsidies	502,656	502,656	0
Other	40	40	0
Total Revenues	798,780	798,780	0
Expenses:			
Salaries	274,933	274,933	0
Fringe Benefits	114,503	114,503	0
Purchased Services	24,774	24,774	0
Materials and Supplies	284,572	284,572	0
Capital Outlay	31,921	31,921	0
Total Expenses	730,703	730,703	0
Excess of Revenues Over Expenses	68,077	68,077	0
Fund Equity at Beginning of Year	312,753	312,753	0
Prior Year Encumbrances Appropriated	19,398	19,398	0
Fund Equity at End of Year	\$400,228	\$400,228	\$0

See Accompanying Notes to the General Purpose Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$285,375
Cash Payments to Employees for Services	(389,436)
Cash Payments to Suppliers for Goods and Services	(308,134)
Other Operating Revenues	40
Net Cash Used In Operating Activities	(412,155)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies	502,656
Net Cash Provided By Noncapital Financing Activities	502,656
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(26,461)
Net Cash Used In Capital and Related Financing Activities	(26,461)
Cash Flows from Investing Activities:	
Interest	10,709
Net Cash Provided By Investing Activities	10,709
Net Increase in Cash and Cash Equivalents	74,749
Cash and Cash Equivalents Beginning of Year	332,151
Cash and Cash Equivalents End of Year	\$406,900
Reconciliation of Operating Loss to Net <u>Cash Used In Operating Activities:</u>	
Operating Loss	(\$506,780)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	17,082
Donated Commodities Received During the Year	73,009
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	1,160
Increase in Inventory Held for Resale	(43)
Decrease in Inventory of Supplies and Materials	168
Increase in Accounts Payable	1,629
Increase in Accrued Wages and Benefits Payable	871
Increase in Compensated Absences Payable	1,053
Decrease in Intergovernmental Payable	(304)
Net Cash Used In Operating Activities	(\$412,155)

See Accompanying Notes to the General Purpose Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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/or 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 7 square miles. It is located in Montgomery County, and includes Harrison Township. It is staffed by 109 non-certificated employees, 150 certificated full-time teaching personnel and 10 administrative employees who provide services to 2011 students and other community members. The School District currently operates 5 instructional buildings and 1 garage.

A. Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For 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 does not have any component units.

The School District is associated with four organizations which are defined as jointly governed organizations. These organizations include the Metropolitan Dayton Educational Cooperative Association, the Southwestern Ohio Educational Purchasing Council, the Southwestern Ohio Instructional Technology Association, and the Miami Valley Career Technology Center. The School District is also associated with the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, an insurance purchasing pool. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Type:

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

Enterprise Fund

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

3. Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's only fiduciary fund is an agency fund. The School District's agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

4. Account Groups:

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary fund.

B. Measurement Focus and Basis of Accounting

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District has no contributed capital. The proprietary fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue. Intergovernmental receivables, in some instances, are recorded as deferred revenue because they do not meet the availability criteria.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Montgomery County Budget Commission for rate determination.

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000. Prior to year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, many supplemental appropriations were legally enacted; however, the amendments were not significant.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Prior to year-end, the School District passed a supplemental appropriation that reflected actual expenditures for the fiscal year. Formal budgetary integration is employed as a management control device during the year for all funds other than the agency fund, consistent with statutory provisions.

4. Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

5. Lapsing of Appropriations:

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

D. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2000, the School District invested in repurchase agreements, money market mutual funds, Commercial Paper, U.S. Treasury Notes, Federal Farm Credit Bank Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Notes, Federal National Mortgage Medium Term Notes, Federal National Mortgage Association Notes and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The School District has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

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 2000 amounted to \$668,328, which includes \$45,138 assigned from other School District funds. The enterprise fund also received \$10,709 in interest during fiscal year 2000.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District treasury.

For purposes of the statement of cash flows and for presentation on the combined balance sheet, 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 considered to be cash equivalents.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks and instructional materials, capital acquisitions, and to create a reserve for budget stabilization.

F. Inventory

Inventories of governmental funds are stated at cost while inventories of the proprietary fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of the proprietary fund consist of donated food, purchased food, and non-food supplies and are expensed when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

H. Fixed Assets and Depreciation

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

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. Improvements are capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Career Development
- Carl Perkins Grant
- Preschool Disabilities
- Public School Preschool
- SchoolNet Professional Development
- Textbook/Instructional Material Subsidy
- School Conflict Management Grant
- Summer Intervention
- Eisenhower Grant
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI
- Title VI-B
- Drug-Free Schools
- Professional Development Block Grant
- School to Work Grant
- School Net Training Grant

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

School Net
School Net Plus
Interactive Video Distance Learning

Reimbursable Grants

General Fund

Driver Education

Special Revenue Fund

E-rate
Ohio Reads

Proprietary Fund

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to 41 percent of the School District's governmental revenue during the 2000 fiscal year.

J. Compensated Absences

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

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

The School District records a liability for accumulated unused sick leave for all employees after five years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, special termination benefit, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid using current available financial resources. Capital leases, long-term loans, and special termination benefit payable are reported as a liability of the general long-term obligations account group until due. Long-term obligations financed by the proprietary fund are reported as liabilities in the proprietary fund.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Estimates

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

M. Fund Balance Reserves

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

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

N. Fund Designations

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the school district's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations may arise when amounts set-aside for HB 412 purposes exceed the statutory required amount. The amount designated this year for the School District is \$53,496 for budget stabilization, \$2,578 for textbooks and instructional materials, and \$2,578 for capital acquisitions.

O. Total Columns on General Purpose Financial Statements

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

3. PRIOR PERIOD ADJUSTMENT

Early Retirement Incentive (Special Termination Benefit Payable) was overstated by \$145,200 in the general long term obligations account group in the previous year. Liabilities decreased from \$2,165,807 to \$2,020,607 due to the overstatement as of June 30, 1999.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE

At June 30, 2000, the disadvantaged pupil impact aide and the school to work special revenue funds had deficit fund balances of \$9,678 and \$195, respectively, which were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

5. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$1,603,592	\$214,705	(\$82,329)
Revenue Accruals	62,906	66,443	0
Expenditure Accruals	(158,733)	(96,027)	0
Prepays	3,126	0	0
Encumbrances	(596,823)	(36,464)	0
Budget Basis	\$914,068	\$148,657	(\$82,329)

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Over Expenses Proprietary Fund Type	Enterprise
GAAP Basis	\$18,558
Revenue Accruals	62,196
Expense Accruals	3,499
Materials and Supplies Inventory	(168)
Inventory Held for Resale	43
Encumbrances	(6,672)
Depreciation	17,082
Acquisition of Capital Assets	(26,461)
Budget Basis	\$68,077

6. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

Investments in stripped principal or interest obligation, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

Deposits At year end, the carrying amount of the School District's deposits was (\$305,137) and the bank balance was \$64,372. Of the bank balance, \$59,856 was insured by federal depository insurance. \$4,516 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio and money market mutual funds are unclassified investment since they are not evidenced by securities that exist in physical or book entry form.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

	Category 1	Category 2	Category 3	Unclassified	Carrying Value	Market Value
Repurchase Agreement	\$0	\$0	\$216,835	\$0	\$216,835	\$216,897
Money Market Mutual Funds	0	0	0	963,400	963,400	963,400
Commercial Paper	0	0	1,071,038	0	1,071,038	1,071,038
U.S. Treasury Notes	500,000	1,406,201	0	0	1,906,201	1,906,201
Federal Farm Credit Bank Bonds	0	320,456	0	0	320,456	320,456
Federal Home Loan Bank Bonds (FHLB)	500,000	592,489	0	0	1,092,489	1,092,489
Federal Home Loan Mortgage Notes	0	495,105	0	0	495,105	495,105
Federal National Mortgage Medium Term Notes	0	837,436	0	0	837,436	837,436
Federal National Mortgage Association Notes (FNMA)	0	590,292	0	0	590,292	590,292
STAR Ohio	0	0	0	4,491,431	4,491,431	4,491,431
Total	<u>\$1,000,000</u>	<u>\$4,241,979</u>	<u>\$1,287,873</u>	<u>\$5,454,831</u>	<u>\$11,984,683</u>	<u>\$11,984,745</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$11,679,546	\$0
Investments:		
Repurchase Agreement	(216,835)	216,835
Money Market Mutual Funds	(963,400)	963,400
Commercial Paper	(1,071,038)	1,071,038
U.S. Treasury Notes	(1,906,201)	1,906,201
Federal Farm Credit Bank Bonds	(320,456)	320,456
Federal Home Loan Bank Bonds (FHLB)	(1,092,489)	1,092,489
Federal Home Loan Mortgage Notes	(495,105)	495,105
Federal National Mortgage Medium Term Notes	(837,436)	837,436
Federal National Mortgage Association Notes (FNMA)	(590,292)	590,292
STAR Ohio	(4,491,431)	4,491,431
GASB Statement 3	<u>(\$305,137)</u>	<u>\$11,984,683</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value listed as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien on December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

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

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$137,143,330	59.65%	\$145,415,960	59.04%
Public Utility	9,734,270	4.23	9,127,690	3.71
Tangible Personal Property	83,039,491	36.12	91,740,873	37.25
Total Assessed Value	<u>\$229,917,091</u>	<u>100.00%</u>	<u>\$246,284,523</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$52.10		\$52.10	

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

7. PROPERTY TAXES (Continued)

The School District receives taxes from Montgomery County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$184,078 in the general fund.

8. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, interest, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Transportation Costs	\$14,880
Property Rental	44,000
Driver's Education Reimbursement	2,500
Special Education Fees	54,685
Medicaid Reimbursement	8,582
Total General Fund	124,647
Special Revenue Funds	
Title VI B Reimbursement	19,737
Title I Reimbursement	17,663
E-Rate Reimbursement	1,795
Total Special Revenue Funds	39,195
Total Intergovernmental Receivables	\$163,842

9. FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$257,981
Less Accumulated Depreciation	(187,265)
Net Fixed Assets	\$70,716

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

9. FIXED ASSETS (Continued)

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$407,020	\$0	\$0	\$407,020
Buildings and Improvements	2,024,461	0	0	2,024,461
Furniture, Fixtures and Equipment	6,600,419	230,192	115,496	6,715,115
Vehicles	717,324	55,391	0	772,715
Total General Fixed Assets	<u>\$9,749,224</u>	<u>\$285,583</u>	<u>\$115,496</u>	<u>\$9,919,311</u>

10. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide, Utica, Elkins, Olivia Meece, and Wausau Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by these insurances are as follows:

Building and Contents-replacement cost	\$40,469,576
Boiler and Machinery	No limit
Crime Insurance	2,000
Automobile Liability (\$0 deductible)	2,000,000
Uninsured Motorists (\$0 deductible)	500,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the GRP.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the Northridge School District is required to contribute at an actuarially determined rate. The current 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 2000, 5.5 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$95,565, \$148,354, and \$219,033, respectively; 35.15 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$61,974 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Northridge School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For fiscal year ended June 30, 2000, plan members are required to contribute 9.3 percent of their annual covered salary and the Northridge School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$512,082, \$422,659, and \$781,554, respectively; 83.86 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$82,637 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, all five members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 8 percent for fiscal year 1999. For the School District, this amount equaled \$682,775 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including surcharge, during the 2000 fiscal year equaled \$183,422.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126,380,874 and the target level was \$189.6 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

13. EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated 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.

B. Medical, Dental, and Life Insurance

The School District provides medical insurance through United Health Care and provides dental and life insurance to most employees through CoreSource.

C. Special Termination Benefit

For the past three years Northridge Local School District has offered a special termination benefit to classified and certified employees. Both certified and classified contracts run from August 1, 1999 to July 31, 2002. They offer a special termination benefit. The benefit for certified employees is \$20,000, payable the year after retirement, during the month of January. Individuals must meet the STRS retirement guidelines to receive the bonus. For classified employees, the benefit varies depending upon the position they hold within the School District. The benefit is paid during the month of January following the retirement date. Individuals must meet the SERS retirement guidelines to receive the bonus. The amount payable for both certified and classified at June 30, 2000 was \$63,300.

14. CAPITAL LEASES - LESSEE DISCLOSURE

During the year, the District entered into a new capitalized lease for the acquisition of a copier. The lease agreement is accounted for as a capital outlay expenditure in the general fund with an offsetting amount reported as an other financing source, inception on capital lease. The School District also had other capital leases outstanding from prior years. The terms of all outstanding leases provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets consisting of two copiers and musical equipment have been capitalized in the general fixed assets account group in the amount of \$428,492. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$61,184 in the general fund and \$67,241 in the textbooks capital project fund.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

14. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
2001	\$10,052
2002	6,272
2003	3,572
2004	3,572
2005	894
Total	24,362
Less: Amount Representing Interest	(3,817)
Present Value of Net Minimum Lease Payments	\$20,545

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Restated Amount Outstanding 6/30/99	Additions	Deductions	Amount Outstanding 6/30/00
Energy Conservation Loan 1993 4.95%	\$230,000	\$0	\$55,000	\$175,000
Capital Leases	79,892	14,078	73,425	20,545
Intergovernmental Payable	123,315	126,260	123,315	126,260
Special Termination Benefit Payable	200,000	63,300	200,000	63,300
Compensated Absences	1,387,400	113,048	0	1,500,448
Total General Long-Term Obligations	\$2,020,607	\$316,686	\$451,740	\$1,885,553

Energy Conservation Loan - On June 15, 1993, Northridge School District issued \$500,000 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 ten year period with final maturity during fiscal year 2003. The loan will be retired from the general fund.

Capital leases will be paid from the general fund and the textbooks capital projects fund. The intergovernmental payable represents the contractually required pension contribution and will be paid from the fund from which the employees' salaries are paid. The special termination benefit and compensated absences will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$22,165,607, the energy conservation loan debt margin was \$2,041,561, and the unvoted debt margin of \$246,285 at June 30, 2000.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$55,000	\$8,663	\$63,663
2002	60,000	5,940	65,940
2003	60,000	2,970	62,970
Total	\$175,000	\$17,573	\$192,573

16. 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 for 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. The School District paid MDECA \$43,931 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative 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. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit 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. Payments to SOEPC are made from the general fund. During fiscal year 2000, the School District paid \$9,679 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The Board of Trustees is comprised of twenty-one 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 shall elect two representatives per area. All others shall elect one representative per area. One at-large non-public representative shall be elected by the non-public school SOITA members in the State assigned SOITA service area. One at-large higher education representative shall be 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 2000, the School District paid \$116,427 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Television Association, Steve Strouse, who serves as 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 seven 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 2000. To obtain financial information, write to the Miami Valley Career Technology Center, Debbie Jessup, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

17. 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). The GRP's business and affairs are conducted by a fourteen member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

18. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,135,087 in school foundation support for its general fund.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

18. STATE SCHOOL FUNDING DECISION (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

19. 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 1999	\$1,165	\$143,174	\$55,740
Current Year Set-aside Requirement	349,326	349,326	116,442
Current Year Offsets	0	0	(52,637)
Qualifying Disbursements	<u>(306,810)</u>	<u>(376,259)</u>	<u>0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$43,681</u>	<u>\$116,241</u>	<u>\$119,545</u>
Set-aside Reserve Balances as of June 30, 2000	<u>\$43,681</u>	<u>\$116,241</u>	<u>\$119,545</u>

The total reserve balance for the three set-asides at the end of the fiscal year was \$279,467.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

20. 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, 2000.

B. Litigation

The School District is not party to any legal proceedings.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$72,811	\$0	\$73,009
School Breakfast Program	5-PU	10.553	91,239		91,239	
National School Lunch Program	04-PU	10.555	<u>375,657</u>		<u>375,657</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			466,896	72,811	466,896	73,009
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Title I Grants to Local Educational Agencies	C1-S1	84.010	860,538		901,754	
Special Education Cluster:						
Title VI-B Special Education Grants to States	6B-SF	84.027	217,366		239,873	
Special Education Preschool Grant	PB-S1	84.173	<u>4,613</u>		<u>4,613</u>	
Total Special Education Cluster:			221,979		244,486	
Safe and Drug-Free Schools and Communities	DR-S1	84.186	8,917		8,917	
Even Start Family Literacy	EV-S1	84.213	178,581		226,616	
Eisenhower Professional Development State Grants	MS-S1	84.281	16,680		33,734	
Innovative Education Program Strategies	C2-S1	84.298	12,594		12,594	
(Passed through Miami Valley Career Technology Center)						
Vocational Education Basic Grants to States	ICP	84.048			1,082	
Class Size Reduction	CR-S1	84.340	<u>99,238</u>		<u>107,153</u>	
Total U.S. Department of Education			1,398,527		1,536,336	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)						
Community Alternative Fund System		93.778	<u>21,171</u>		<u>21,171</u>	
Total Federal Programs			<u>\$1,886,594</u>	<u>\$72,811</u>	<u>\$2,024,403</u>	<u>\$73,009</u>

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards 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 - NUTRITION CLUSTER

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

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

Northridge Local School District
Montgomery County
2011 Timber Lane
Dayton, Ohio 45414-4528

To the Board of Education:

We have audited the financial statements of the Northridge Local School District, Montgomery County, (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 8, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 8, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 8, 2001.

Northridge Local School District
Montgomery County
Report of Independent Accountants on Compliance and
on Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

January 8, 2001



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

Northridge Local School District
Montgomery County
2011 Timber Lane
Dayton, Ohio 45414-4528

To the Board of Education:

Compliance

We have audited the compliance of the 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 are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Northridge Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

January 8, 2001

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2000**

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2000
(Continued)**

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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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
FEBRUARY 27, 2001**