



Dave Yost • Auditor of State

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18, during 2011 the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 5, 2012

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of Northridge Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- Per the current contracts, all School District employees received a 1.5 percent increase to base salary as well as step increases. United Healthcare insurance premiums increased by 14.3 percent.
- Tuition revenues increased due to additional open enrollment students accepted from school districts. The number of open enrollment students increased by 54 students in fiscal year 2011.
- Special education expenditures decreased due to a reduction in the number of children enrolled and serviced by the Montgomery County Educational Service Center.

Using the Basic Financial Statements

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Fiduciary Funds

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

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for fiscal years 2011 and 2010:

**Table 1
Net Assets
Governmental Activities**

	2011	Restated 2010	Change
Assets:			
Current and Other Assets	\$17,719,796	\$17,209,908	\$ 509,888
Capital Assets	12,643,282	12,566,970	76,312
Total Assets	30,363,078	29,776,878	586,200
Liabilities:			
Other Liabilities	7,759,152	8,088,421	(329,269)
Long-Term Liabilities	11,829,588	12,170,297	(340,709)
Total Liabilities	19,588,740	20,258,718	(669,978)
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,184,520	1,873,281	311,239
Restricted	2,840,710	2,221,560	619,150
Unrestricted	5,749,108	5,423,319	325,789
Total Net Assets	\$10,774,338	\$ 9,518,160	\$1,256,178

Total assets of governmental activities increased \$586,200. Most of this increase is due to the increase in property taxes and intergovernmental receivables. Property taxes receivable increased due to the high rate of delinquencies on property taxes that are owed the School District. Intergovernmental receivable increased due to the new Education Jobs federal grant available in fiscal year 2011.

Total liabilities decreased \$669,978 from fiscal year 2010. The decrease was mainly the result of the \$365,000 debt payments and a decrease in deferred revenue. Deferred revenue represents the amount of property tax revenue expected for collection during fiscal year 2011. The decrease is the result of the continued phase out of the personal property tax due to House Bill 66 and the increase of delinquent taxes that are shown as revenue on full accrual statements.

In total, net assets increased \$1,256,178. Invested in capital assets, net of related debt increased \$311,239 because current year additions and current year debt payments was greater than current fiscal year depreciation expense. Restricted net assets increased \$619,150, mainly the result of the annual sinking fund payments to the escrow agent and the new Education Jobs federal grant that was not spent.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, increased \$325,789. The School District had an increase in revenues due to the additional 54 open enrollment students. The School District also managed to keep expenses within revenues by closely monitoring budgets during the fiscal year.

Table 2 shows the changes in net assets for the fiscal years 2011 and 2010.

**Table 2
Changes in Net Assets**

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,840,887	\$1,408,564	\$ 432,323
Operating Grants, Interest and Contributions	4,639,382	4,336,391	302,991
Capital Grants, Interest and Contributions	55	55	
Total Program Revenues	<u>6,480,324</u>	<u>5,745,010</u>	<u>735,314</u>
General Revenues:			
Property Taxes	7,531,902	6,311,653	1,220,249
Grants and Entitlements not Restricted to Specific Programs	10,840,514	10,799,840	40,674
Interest	82,847	69,370	13,477
Gifts and Donations		500	(500)
Miscellaneous	115,738	44,510	71,228
Total General Revenues	<u>18,571,001</u>	<u>17,225,873</u>	<u>1,345,128</u>
Total Revenues	<u>25,051,325</u>	<u>22,970,883</u>	<u>2,080,442</u>
Program Expenses:			
Instruction:			
Regular	10,461,129	9,593,314	867,815
Special	2,512,725	2,947,451	(434,726)
Vocational	90,061	228,989	(138,928)
Student Intervention Services	320,473	522,589	(202,116)
Support Services:			
Pupils	1,713,104	1,794,232	(81,128)
Instructional Staff	680,482	664,911	15,571
Board of Education	27,894	30,200	(2,306)
Administration	2,081,285	1,796,213	285,072
Fiscal	402,261	405,434	(3,173)
Business	223,207	249,163	(25,956)
Operation and Maintenance of Plant	2,179,828	1,979,232	200,596
Pupil Transportation	987,871	1,137,338	(149,467)
Central	59,539	67,705	(8,166)
Operation of Non-Instructional Services	1,041,260	1,032,524	8,736
Extracurricular Activities	709,711	792,853	(83,142)
Interest and Fiscal Charges	304,317	327,905	(23,588)
Total Expenses	<u>23,795,147</u>	<u>23,570,053</u>	<u>225,094</u>
Change in Net Assets	<u>1,256,178</u>	<u>(599,170)</u>	<u>\$1,855,348</u>
Net Assets at Beginning of Year (Restated)	<u>9,518,160</u>	<u>10,117,330</u>	
Net Assets at End of Year	<u>\$10,774,338</u>	<u>\$9,518,160</u>	

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Governmental Activities

In total, revenues increased \$2,080,442 and expenses increased \$255,094, for a net increase of \$1,855,348.

Property taxes made up 30 percent of revenues for governmental activities for the School District during fiscal year 2011. The increase in property tax revenue of \$1,220,249 was mainly due to delinquent property taxes increasing from fiscal year 2010 to 2011. Delinquent property tax monies are shown as revenues on the full accrual basis statements.

Charges for services increased by \$432,323 due to an increase in tuition and fees from the additional 54 open enrollment students in fiscal year 2011.

The increase in operating grants, interest and contributions was the result in the School District receiving a new Educational Jobs federal grant during fiscal year 2011.

Overall expenses increased \$225,094 from fiscal year 2010. The increase was largely due to an increase in all employees' base salary of 1.5 percent and the increase of health insurance premiums by 14.3 percent.

The School District's Funds

The School District's only major fund is the General Fund and it is accounted for using the modified accrual basis of accounting. The General Fund accounts for 79 percent of total revenues and 79 percent of total expenditures. Fund Balance decreased \$99,869 which was insignificant.

General Fund Budgeting Highlights

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

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

For the General Fund, the budget basis revenue increased \$714,122 from the original budgeted estimates. The change was mainly in tuition and fees revenue due to the unanticipated increase in open enrollment. Actual revenues closely matched final budget basis revenues.

During the course of fiscal year 2011, the School District amended, it apportions several times. Final appropriations were made in June. Again, through close monitoring, the School District kept expenditures in check as actual expenditures were \$707,196 less than those budgeted.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Capital Assets

Table 3 shows fiscal year 2011 balances compared to fiscal year 2010.

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

	2011	2010
Land	\$ 1,569,249	\$ 1,569,249
Land Improvements	831,521	334,397
Buildings and Improvements	9,011,074	9,505,431
Furniture and Equipment	877,938	838,947
Vehicles	353,500	318,946
Totals	\$12,643,282	\$12,566,970

Overall capital assets increased \$76,312 from fiscal year 2010 as additions of \$851,236 exceeded depreciation expense of \$774,924. For more information on capital assets, refer to Note 8 of the basic financial statements.

Debt Administration

At June 30, 2011, the School District had \$6,045,000 in bonds and loans outstanding, as well as premium on bonds in the amount of \$87,111. \$365,000 represents the amount of debt principal payments made during the fiscal year, and \$370,000 represents the amount of debt principal due during fiscal year 2012. The School District also had capital leases payable at fiscal year-end of \$4,500,000.

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

Current Financial Issues and Concerns

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mary Hellyer, Treasurer, at Northridge Local School District, 2011 Timber Lane, Dayton, Ohio 45414, or email at mhellyer@northridge-montgomery.k12.oh.us.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$7,024,542
Cash and Cash Equivalents in Segregated Accounts	2,000
Cash and Cash Equivalents with Escrow Agents	54,472
Accrued Interest Receivable	787
Intergovernmental Receivable	361,985
Accounts Receivable	18,776
Materials and Supplies Inventory	13,338
Inventory Held for Resale	31,998
Property Taxes Receivable	8,258,971
Deferred Charges	86,238
Investments with Escrow Agents	1,866,689
Non-depreciable Capital Assets	1,569,249
Depreciable Capital Assets, Net	11,074,033
Total Assets	30,363,078
 Liabilities:	
Accounts Payable	147,756
Retainage Payable	74,773
Contracts Payable	5,516
Accrued Wages and Benefits Payable	1,213,968
Matured Compensated Absences Payable	110,029
Accrued Interest Payable	39,702
Intergovernmental Payable	579,186
Deferred Revenue	5,588,222
Long-Term Liabilities:	
Due Within One Year	537,047
Due in More Than One Year	11,292,541
Total Liabilities	19,588,740
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,184,520
Restricted for:	
Debt Service	2,148,586
Capital Outlay	55
Food Service	433,088
Other Purposes	206,344
Set-Asides	52,637
Unrestricted	5,749,108
Total Net Assets	\$10,774,338

See Accompanying Notes to the Basic Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTOMGERY COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest and Contributions</u>	<u>Capital Grants, Interest and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:					
Instruction:					
Regular	\$10,461,129	\$1,315,591	\$669,321		(\$8,476,217)
Special	2,512,725	133,321	1,994,179		(385,225)
Vocational	90,061		22,634		(67,427)
Student Intervention Services	320,473		349,881		29,408
Support Services:					
Pupils	1,713,104		250,587		(1,462,517)
Instructional Staff	680,482		361,125		(319,357)
Board of Education	27,894				(27,894)
Administration	2,081,285	14,771	57,923		(2,008,591)
Fiscal	402,261				(402,261)
Business	223,207				(223,207)
Operation and Maintenance of Plant	2,179,828			\$55	(2,179,773)
Pupil Transportation	987,871	23,552	14,135		(950,184)
Central	59,539		16,375		(43,164)
Operation of Non-Instructional Services	1,041,260	170,338	895,970		25,048
Extracurricular Activities	709,711	183,314	7,252		(519,145)
Interest and Fiscal Charges	304,317				(304,317)
Total Governmental Activities	<u>\$23,795,147</u>	<u>\$1,840,887</u>	<u>\$4,639,382</u>	<u>\$55</u>	<u>(17,314,823)</u>
General Revenues:					
Property Taxes Levied for:					
General Purposes					7,018,505
Debt Service					513,397
Grants and Entitlements not Restricted to Specific Programs					10,840,514
Interest					82,847
Miscellaneous					115,738
Total General Revenues					<u>18,571,001</u>
Change in Net Assets					1,256,178
Net Assets at Beginning of Year - Restated (See Note 18)					9,518,160
Net Assets at End of Year					<u>\$10,774,338</u>

See Accompanying Notes to the Basic Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$6,004,435	\$967,470	\$6,971,905
Cash and Cash Equivalents in Segregated Accounts		2,000	2,000
Cash and Cash Equivalents with Escrow Agents		54,472	54,472
Receivables:			
Property Taxes	7,683,921	575,050	8,258,971
Accounts	5,497	13,279	18,776
Intergovernmental	87,881	274,104	361,985
Accrued Interest	787		787
Materials and Supplies Inventory	7,236	6,102	13,338
Inventory Held for Resale		31,998	31,998
Restricted Assets:			
Investments with Escrow Agents	1,866,689		1,866,689
Equity in Pooled Cash and Cash Equivalents	52,637		52,637
Total Assets	<u><u>15,709,083</u></u>	<u><u>1,924,475</u></u>	<u><u>17,633,558</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	147,326	430	147,756
Contracts Payable	5,516		5,516
Retainage Payable	19,692	55,081	74,773
Accrued Wages and Benefits Payable	1,014,858	199,110	1,213,968
Matured Compensated Absences Payable	107,330	2,699	110,029
Intergovernmental Payable	495,595	83,591	579,186
Deferred Revenue	7,129,022	713,099	7,842,121
Total Liabilities	<u><u>8,919,339</u></u>	<u><u>1,054,010</u></u>	<u><u>9,973,349</u></u>
Fund Balances:			
Non-spendable	7,745	6,102	13,847
Restricted	1,921,326	864,738	2,786,064
Assigned	394,999		394,999
Unassigned (Deficit)	4,465,674	(375)	4,465,299
Total Fund Balances	<u><u>6,789,744</u></u>	<u><u>870,465</u></u>	<u><u>7,660,209</u></u>
Total Liabilities and Fund Balances	<u><u>\$15,709,083</u></u>	<u><u>\$1,924,475</u></u>	<u><u>\$17,633,558</u></u>

See Accompanying Notes to the Basic Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

Total Governmental Fund Balances		\$7,660,209
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>		
Land	\$1,569,249	
Land Improvements	2,038,667	
Buildings and Improvements	18,896,351	
Furniture and Equipment	6,161,016	
Vehicles	1,015,760	
Accumulated Depreciation	<u>(17,037,761)</u>	
Total Capital Assets		12,643,282
<p>Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.</p>		
Miscellaneous	18,174	
Interest	321	
Intergovernmental Grants	187,239	
Property Taxes	<u>2,048,165</u>	
		2,253,899
<p>Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.</p>		
		86,238
<p>Long-term liabilities, including bonds and loans payable, accrued interest payable, and capital leases are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:</p>		
Accrued Interest Payable	(39,702)	
Energy Conservation Loan	(120,000)	
Premium on Bonds	(87,111)	
General Obligation Bonds	(5,925,000)	
Capital Leases	(4,500,000)	
Compensated Absences	<u>(1,197,477)</u>	
Total Liabilities		<u>(11,869,290)</u>
Net Assets of Governmental Activities		<u><u>\$10,774,338</u></u>

See Accompanying Notes to the Basic Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property Taxes	\$6,511,652	\$463,550	\$6,975,202
Intergovernmental	10,839,624	4,428,659	15,268,283
Interest	82,946	217	83,163
Tuition and Fees	1,472,464		1,472,464
Extracurricular Activities	15,233	86,686	101,919
Charges for Services		178,071	178,071
Rent	88,433		88,433
Gifts and Donations	16,825	7,387	24,212
Miscellaneous	74,066	23,498	97,564
Total Revenues	<u>19,101,243</u>	<u>5,188,068</u>	<u>24,289,311</u>
Expenditures:			
Current:			
Instruction:			
Regular	9,325,662	897,548	10,223,210
Special	1,249,083	1,270,701	2,519,784
Vocational	113,643	4,962	118,605
Student Intervention Services	60,228	278,491	338,719
Support Services:			
Pupils	1,463,461	248,976	1,712,437
Instructional Staff	379,337	284,609	663,946
Board of Education	28,986		28,986
Administration	1,899,038	53,860	1,952,898
Fiscal	392,837	5,096	397,933
Business	223,618	399	224,017
Operation and Maintenance of Plant	1,990,722	209,829	2,200,551
Pupil Transportation	1,484,641	62,405	1,547,046
Central	17,922	41,617	59,539
Operation of Non-Instructional Services	1,168	1,051,880	1,053,048
Extracurricular Activities	386,277	97,739	484,016
Capital Outlay	33,120		33,120
Debt Service:			
Principal Retirement	115,000	125,000	240,000
Interest and Fiscal Charges	36,369	248,183	284,552
Interest on Capital Appreciation Bonds		125,000	125,000
Total Expenditures	<u>19,201,112</u>	<u>5,006,295</u>	<u>24,207,407</u>
Net Change in Fund Balances	(99,869)	181,773	81,904
Fund Balances at Beginning of Year - Restated (See Note 18)	<u>6,889,613</u>	<u>688,692</u>	<u>7,578,305</u>
Fund Balances at End of Year	<u>\$6,789,744</u>	<u>\$870,465</u>	<u>\$7,660,209</u>

See Accompanying Notes to the Basic Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$81,904

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

Governmental funds report capital outlays as expenditures. However, in the statement
of activities the cost of those assets is allocated over their estimated useful lives
as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$851,236	
Current Year Depreciation Expense	<u>(774,924)</u>	
Excess of Capital Outlay under Depreciation Expense		76,312

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

These amounts consist of:

Energy Conservation Loan Payments	115,000	
General Obligation Bond Principal Payments	125,000	
Interest on Capital Appreciation Bonds	<u>125,000</u>	
		365,000

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

Decrease in Accrued Interest Payable		312
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Accretion on capital appreciation bonds, the amortization of bond issuance costs,
and bond premiums are not reported in the funds, but are allocated as an expense over
the life of the debt in the statement of activities:

Amortization of Premium on Bonds	5,124	
Accretion on Capital Appreciation Bonds	(20,128)	
Net Amortization of Bond Issuance Costs (Deferred Charges)	<u>(5,073)</u>	
		(20,077)

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

Miscellaneous	18,174	
Interest	(99)	
Intergovernmental Grants	187,239	
Property Taxes	<u>556,700</u>	
		762,014

Some items reported in the statement of activities do not require the use of
current financial resources and therefore are not reported as expenditures
in governmental funds. These activities consist of:

Increase in Compensated Absences		<u>(9,287)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$1,256,178</u></u>
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See Accompanying Notes to the Basic Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTOMGERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$6,108,946	\$6,312,233	\$6,312,233	
Intergovernmental	10,805,485	10,849,684	10,849,684	
Interest	15,000	14,621	14,621	
Tuition and Fees	1,021,475	1,471,714	1,471,714	
Extracurricular Activities	19,625	15,233	15,233	
Rent	75,000	86,973	86,973	
Gifts and Donations	16,000	16,388	16,388	
Miscellaneous	1,200	10,007	10,764	\$757
Total Revenues	<u>18,062,731</u>	<u>18,776,853</u>	<u>18,777,610</u>	<u>757</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,722,608	9,054,065	9,315,880	(261,815)
Special	1,509,293	1,570,893	1,247,768	323,125
Vocational	125,534	125,534	133,300	(7,766)
Student Intervention Service	101,194	101,194	79,908	21,286
Support Services:				
Pupils	1,170,570	1,413,888	1,486,182	(72,294)
Instructional Staff	371,182	404,805	378,138	26,667
Board of Education	27,823	27,823	30,133	(2,310)
Administration	1,916,850	1,912,133	1,900,696	11,437
Fiscal	436,499	538,152	407,588	130,564
Business	243,663	278,663	231,918	46,745
Operation and Maintenance of Plant	1,988,110	2,512,286	2,056,328	455,958
Pupil Transportation	1,494,496	1,551,832	1,550,462	1,370
Central	30,747	30,747	16,859	13,888
Operation of Non-Instructional Services	896	896	1,168	(272)
Extracurricular Activities	353,211	354,161	384,716	(30,555)
Capital Outlay	433,691	290,179	240,087	50,092
Debt Service:				
Principal Retirement	115,445	115,445	115,000	445
Interest and Fiscal Charges	37,000	37,000	36,369	631
Total Expenditures	<u>19,078,812</u>	<u>20,319,696</u>	<u>19,612,500</u>	<u>707,196</u>
Excess of Revenues Under Expenditures	<u>(1,016,081)</u>	<u>(1,542,843)</u>	<u>(834,890)</u>	<u>707,953</u>
Other Financing Sources (Uses):				
Payment to Escrow Agent	(229,555)	(229,555)	(229,555)	
Refund of Prior Year Expenditures		72,664	72,664	
Refund of Prior Year Receipts			(475)	(475)
Transfer - In		757		(757)
Total Other Financing Sources (Uses)	<u>(229,555)</u>	<u>(156,134)</u>	<u>(157,366)</u>	<u>(1,232)</u>
Net Change in Fund Balance	(1,245,636)	(1,698,977)	(992,256)	706,721
Fund Balance at Beginning of Year	5,985,151	5,985,151	5,985,151	
Prior Year Encumbrances Appropriated	523,246	523,246	523,246	
Fund Balance at End of Year	<u>\$5,262,761</u>	<u>\$4,809,420</u>	<u>\$5,516,141</u>	<u>\$706,721</u>

See Accompanying Notes to the Basic Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2011**

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$26,430	\$10,782
Intergovernmental Receivable	256	
Total Assets	\$26,686	\$10,782
Liabilities:		
Due To Students		10,782
Accounts Payable	230	
Total Liabilities	230	\$10,782
Net Assets:		
Held in Trust for Scholarships	\$26,456	

See Accompanying Notes to the Basic Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Private Purpose Trust</u>
Additions:	
Contributions and Donations	\$2,135
Miscellaneous	11,841
Total Additions	<u>13,976</u>
Deductions:	
Payment in Accordance With Trust Agreements	<u>15,101</u>
Change in Net Assets	(1,125)
Net Assets at Beginning of Year - Restated (See Note 18)	<u>27,581</u>
Net Assets at End of Year	<u><u>\$26,456</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

A. Reporting Entity:

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

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

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

Jointly Governed Organizations:

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

Insurance Purchasing Pool:

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

Public Entity Shared Risk Pool:

- Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

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

2. Fund Financial Statements:

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

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

1. Governmental Funds:

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

General Fund - The General Fund is the operating fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Private purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's private purpose trusts accounts money which honors people that have contributed to society. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements:

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

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Deferred Revenue:

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

3. Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

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

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

During fiscal year 2011, the School District invested in the First American Government Obligation Money Market Fund, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Discount Notes, Federal Home Loan Mortgage Discount Notes, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on the fund's share price.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$82,946, which includes \$8,978 assigned from other School District funds.

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

F. Inventory

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

G. Restricted Assets

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

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

On the government-wide financial statements bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Capital appreciation bonds are accreted each year for the compounded interest during the year. Bond premiums and the compounded interest earned on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

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

I. Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

J. Accrued Liabilities and Long-term Obligations

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

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

K. Compensated Absences

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

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

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

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

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

M. Fund Balance

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

Non-spendable – The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

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

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Internal Activity

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

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

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

O. Budgetary Process

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

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

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

P. Estimates

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

3. ACCOUNTABILITY

At June 30, 2011, the Public Preschool Special Revenue Fund had a deficit fund balance of \$375. The General Fund is liable for any deficit in this fund and will provide operating transfers when cash is required, not when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
4. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.

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

Net Change in Fund Balance	General
GAAP Basis	(\$ 99,869)
Revenue Accruals	(250,627)
Expenditure Accruals	128,699
Encumbrances	(540,562)
Sinking Fund Payment to Escrow Agent	(229,555)
Change in Fair Value of Investments FY11	369
Change in Fair Value of Investments FY10	(711)
Budget Basis	(\$992,256)

5. DEPOSITS AND INVESTMENTS

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

A. Investments

As of June 30, 2011, the School District had the following investments. Except for the investments held by escrow agents for the lease agreement, all investments are in an internal investment pool.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Due in 1-3 Years</u>	<u>Rating *</u>	<u>Percent of Total Investments</u>
First American Government Obligation Money Market Fund	\$ 4,283	\$ 4,283		AAA	0.15%
Federal Home Loan Bank Notes	254,577		\$254,577	AAA	8.79%
Federal Home Loan Mortgage Notes	395,149		395,149	AAA	13.65%
Federal National Mortgage Association Notes	100,030		100,030	AAA	3.46%
Federal Home Loan Bank Discount Notes	99,730	99,730		AAA	3.44%
Federal Home Loan Mortgage Discount Notes	149,713	149,713		AAA	5.17%
STAROhio	1,892,036	1,892,036		AAAm	65.34%
	<u>\$2,895,518</u>	<u>\$2,145,762</u>	<u>\$749,756</u>		

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

Interest Rate Risk – The School District's investment policy addresses interest rate risk by stating that the School District will attempt to match its investments with anticipated cash flow requirements and unless matched to a specific cash flow requirement, investments must mature within five years from the date of purchase. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

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

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

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real or public utility tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. PROPERTY TAXES (Continued)

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Montgomery County. The Montgomery County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011 was \$573,394 in the General Fund and \$49,190 in the Other Governmental Funds. The amount available as an advance at June 30, 2010, was \$373,975 in the General Fund and \$28,445 in the Other Governmental Funds.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$171,433,400	98%	\$171,768,140	98%
Public Utility Personal	4,031,760	2%	4,057,040	2%
Total Assessed Value	<u>\$175,465,160</u>	<u>100%</u>	<u>\$175,825,180</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$63.85		\$63.85	

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2011, consisted of property taxes, accounts (tuition and student fees), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
Medicaid	\$ 2,251
Montgomery County ESC	67,456
School Employees Retirement System	18,174
Education Jobs	145,527
Title II-D	129
School Improvement	75,000
Title I	45,929
Improving Teacher Quality	7,519
Total Intergovernmental Receivable	\$361,985

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/10	Additions	Deductions	Balance 6/30/11
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 1,569,249			\$ 1,569,249
Capital Assets, Being Depreciated:				
Land Improvements	1,505,096	\$533,571		2,038,667
Buildings and Improvements	18,873,071	23,280		18,896,351
Furniture and Equipment	5,992,505	201,936	(\$33,425)	6,161,016
Vehicles	1,055,871	92,449	(132,560)	1,015,760
Total Capital Assets, Being Depreciated	27,426,543	851,236	(165,985)	28,111,794
Less Accumulated Depreciation:				
Land Improvements	(1,170,699)	(36,447)		(1,207,146)
Buildings and Improvements	(9,367,640)	(517,637)		(9,885,277)
Furniture and Equipment	(5,153,558)	(162,945)	33,425	(5,283,078)
Vehicles	(736,925)	(57,895)	132,560	(662,260)
Total Accumulated Depreciation	(16,428,822)	(774,924) *	165,985	(17,037,761)
Capital Assets, Being Depreciated, Net	10,997,721	76,312		11,074,033
Governmental Activities Capital Assets, Net	\$12,566,970	\$ 76,312	\$ 0	\$12,643,282

*Depreciation expense was charged to governmental functions as follows:

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

8. CAPITAL ASSETS (Continued)

Instruction:	
Regular	\$388,738
Special	4,248
Vocational	1,679
Student Intervention Services	275
Support Services:	
Pupils	18,776
Instructional Staff	3,660
Board of Election	27
Administration	8,539
Fiscal	1,249
Business	625
Operation and Maintenance of Plant	42,481
Pupil Transportation	58,048
Operation of Non-Instructional Services	22,767
Extracurricular Activities	223,812
Total Depreciation Expense	\$774,924

9. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted with the Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program (Note 15) for general liability, property, and fleet insurance.

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

B. Medical Benefits

For fiscal year 2011, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of 55 school districts (Note 15). The School District pays monthly premiums to the Trust for employee medical, dental, life, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For fiscal year 2011, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Corvel Corporation provides administrative, cost control, and actuarial services to the GRP.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$58,586, \$508,419 and \$239,998, respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan was \$1,188,148 for the fiscal year ended June 30, 2011, \$1,190,441 for the fiscal year ended June 30, 2010, and \$1,135,024 for the fiscal year ended June 30, 2009. For fiscal year 2011, 82.97 percent has been contributed for the DB plan and Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 was \$13,181 made by the School District and \$9,415 made by the plan members. In addition, member contributions of \$11,030 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

11. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$53,849 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$60,943, \$76,597, and \$163,454, respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$3,770, \$30,235, and \$17,255 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$89,922, \$91,572, and \$87,310 respectively. For fiscal year 2011, 82.97 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 360 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 90 days for all employees.

13. CAPITAL LEASES - LESSEE DISCLOSURE

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

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2011.

Fiscal Year Ending June 30,	Amount
2012	\$ 30,600
2013	30,600
2014	30,600
2015	30,600
2016	30,600
2017-2019	4,591,800
Total	4,744,800
Less: Amount Representing Interest	(244,800)
Present Value of Minimum Lease Payments	\$4,500,000

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

Fiscal Year Ending June 30,	Interest	Sinking Fund Payments	Total Lease Payments
2012	\$ 30,600	\$ 229,555	\$ 260,155
2013	30,600	229,555	260,155
2014	30,600	229,555	260,155
2015	30,600	229,555	260,155
2016	30,600	229,555	260,155
2017-2019	91,800	459,110	550,910
	\$244,800	\$1,606,885	\$1,851,685

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

<u>Types / Issues</u>	<u>Balance 6/30/10</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/11</u>	<u>Due Within One Year</u>
Governmental Activities:					
2003 Energy Conservation Loan 3.25%	\$ 235,000		\$115,000	\$ 120,000	\$120,000
2003 School Improvement Bonds:					
Serial Bonds 2.00-4.40%	4,555,000			4,555,000	250,000
Term Bonds 4.75%	1,370,000			1,370,000	
Capital Appreciation Bonds 9.27-10.08%	125,000		125,000		
Accretion on Capital Appreciation Bonds	104,872	\$ 20,128	125,000		
Premium on Bonds	92,235		5,124	87,111	
Total Long-Term Debt	6,482,107	20,128	370,124	6,132,111	370,000
Compensated Absences Payable	1,188,190	203,349	194,062	1,197,477	167,047
Capital Lease Payable	4,500,000			4,500,000	
Total - General Long-Term Obligations	<u>\$12,170,297</u>	<u>\$223,477</u>	<u>\$564,186</u>	<u>\$11,829,588</u>	<u>\$537,047</u>

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

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

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

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

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

The capital appreciation bonds, issued at \$390,000, are not subject to prior redemption. The capital appreciation bonds mature in fiscal years 2009 through 2011 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2009. The maturity amount of the capital appreciation bonds is \$735,000. For fiscal year 2011, the capital appreciation bonds were accreted \$20,128.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

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

The School District's overall legal debt margin was \$10,159,300, the energy conservation loan debt margin was \$1,461,400, and the un-voted debt margin was \$175,711 at June 30, 2011.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2011, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Energy Conservation Note</u>			
2012	<u>Principal</u>	<u>Interest</u>		
2012	\$ 250,000	\$ 178,797		\$ 65,075
2013	260,000	169,869		65,075
2014	270,000	160,327		65,075
2015	280,000	150,149		65,075
2016	290,000	139,317		65,075
2017-2021	1,635,000	511,284		325,375
2022-2026	1,570,000	140,013	\$ 435,000	315,044
2027-2028			935,000	45,006
Total	<u>\$4,555,000</u>	<u>\$1,449,756</u>	<u>\$1,370,000</u>	<u>\$1,010,800</u>

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

A. Jointly Governed Organizations

Metropolitan Dayton Educational Cooperative Association - The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami, and Darke Counties and the Cities of Dayton, Troy, and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. Payments to MDECA are made from the General Fund. The School District paid MDECA \$40,360 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are generally made from the General Fund. During fiscal year 2011, the School District paid \$978 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2011, the School District paid \$1,079 to SOITA for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Miami Valley Career Technology Center - The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Miamisburg, Milton-Union, Vandalia, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center and one is appointed from the Miami County Educational Service Center. The School District did not contribute financially to this organization during fiscal year 2011. To obtain financial information, write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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

B. Insurance Purchasing Pool

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

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

C. Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust - The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center, Suite 208, Vandalia, Ohio 45377.

16. SET-ASIDE CALCULATIONS

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

16. SET-ASIDE CALCULATIONS (Continued)

<u>Company</u>	<u>Textbooks/ Instructional Materials</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Balance as of June 30, 2010	(\$119,996)		\$52,637
Current Fiscal Year Set-aside Requirement	259,909	\$259,909	
Current Fiscal Year Offsets		(259,909)	
Qualifying Disbursements	(200,707)		
Totals	<u>(\$ 60,794)</u>	<u>\$ 0</u>	<u>\$52,637</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>(\$ 60,794)</u>	<u>\$ 0</u>	<u>\$52,637</u>
Set-aside Balance as of June 30, 2011	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$52,637</u>

The School District had qualifying disbursements during the fiscal year that reduced textbook/instructional materials below zero. The extra amount for textbooks/instructional materials may be used to reduce the set-aside requirements in future fiscal years. Although the School District may have had additional offsets and qualifying expenditures for capital acquisition, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

17. CONTRACTUAL COMMITMENTS

The School District had contracts for various projects, below is the various outstanding construction commitments at June 30, 2011:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/11</u>
Danis	\$130,539		\$130,539
Jess Construction	440,200	\$416,096	24,104
Total	<u>\$570,739</u>	<u>\$416,096</u>	<u>\$154,643</u>

18. CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the following change to fund balances at June 30, 2010, as previously reported:

	<u>General Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Fund Balance, June 30, 2010, as previously reported	\$6,868,706	\$737,180	\$7,605,886
Reclassification of Funds	20,907	(48,488)	(27,581)
Fund Balance, June 30, 2010, as restated	<u>\$6,889,613</u>	<u>\$688,692</u>	<u>\$7,578,305</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

18. CHANGES IN ACCOUNTING PRINCIPLES (Continued)

	Governmental Activities	Fiduciary Funds
Net Assets, June 30, 2010, as previously reported	\$9,545,741	
Reclassification of Funds	(27,581)	\$27,581
Net Assets, June 30, 2010, as restated	\$9,518,160	\$27,581

19. FUND BALANCES

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

Fund Balances	General	Non-major Governmental Funds	Total
Non-spendable:			
Unclaimed Funds	\$ 509		\$ 509
Inventory	7,236	\$ 6,102	13,338
Total Non-spendable	7,745	6,102	13,847
Restricted for:			
Lease Payment	1,919,326		1,919,326
Special Education	2,000		2,000
Food Service		480,242	480,242
District Managed Activity		13,066	13,066
Miscellaneous State Grants		321	321
Title VI-B		14,143	14,143
Title I		61,147	61,147
Title VI-R		9,288	9,288
Title I School Improvement		7,384	7,384
Education Jobs		8,793	8,793
Debt Service		270,299	270,299
Capital Improvements		55	55
Total Restricted	1,921,326	864,738	2,786,064
Assigned to:			
Capital Improvements	371,353		371,353
Other Purposes	23,646		23,646
Total Assigned	394,999		394,999
Unassigned (Deficit):			
	4,465,674	(375)	4,465,299
Total Fund Balances	\$6,789,744	\$870,465	\$7,660,209

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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, 2011.

B. Litigation

The School District is currently involved in a legal proceeding as of June 30, 2011. The School District is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

21. SUBSEQUENT EVENTS

On January 23, 2012, the Board of Education authorized the closure of Grafton Kennedy Elementary School at the end of the 2012 school year. On February 27, 2012, the Board of Education authorized the reconfiguration of the grades among the remaining school buildings.

On February 27, 2012, the Board authorized the issuance of not to exceed \$5,415,000 in school improvement refunding bonds.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$202,957		\$202,957	
National School Lunch Program	10.555				
Cash Assistance		539,988		539,988	
Non-Cash Assistance (Food Distribution)			\$102,910		\$102,910
Total Child Nutrition Cluster		<u>742,945</u>	<u>102,910</u>	<u>742,945</u>	<u>102,910</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	13,961		13,961	
Total United States Department of Agriculture		<u>756,906</u>	<u>102,910</u>	<u>756,906</u>	<u>102,910</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	997,200		997,953	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	446,273		412,517	
Total Title I, Part A Cluster		<u>1,443,473</u>		<u>1,410,470</u>	
Special Education Cluster (IDEA):					
Special Education_ Grants to States	84.027	419,387		410,987	
ARRA - Special Education Grants to States, Recovery Act	84.391	149,240		181,533	
Special Education_Preschool Grants	84.173	4,738		4,738	
ARRA - Special Education Preschool Grants, Recovery Act	84.392	6,723		6,723	
Total Special Education Cluster (IDEA)		<u>580,088</u>		<u>603,981</u>	
Educational Technology State Grants	84.318	3,454		3,454	
Improving Teacher Quality State Grants	84.367	196,607		184,381	
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	619,224		619,224	
Education Jobs Fund	84.410	310,070		294,107	
Total United States Department of Education		<u>3,152,916</u>		<u>3,115,617</u>	
Total Federal Financial Assistance		<u>\$3,909,822</u>	<u>\$102,910</u>	<u>\$3,872,523</u>	<u>\$102,910</u>

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 5, 2012, wherein we noted that the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 5, 2012.

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

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

Dave Yost
Auditor of State

March 5, 2012



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Northridge Local School District, Montgomery County, (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Northridge Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Northridge Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated March 5, 2012.

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



Dave Yost
Auditor of State

March 5, 2012

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I, Part A Cluster: Title I Grants to Local Educational Agencies: CFDA #84.010 ARRA-Title I Grants to Local Educational Agencies - Recovery Act, CFDA #84.389 Special Education Cluster: Special Education Grants to States, CFDA #84.027 ARRA-Special Education Grants to States – Recovery Act, CFDA#84.391 Special Education Preschool Grants, CFDA #84.173 ARRA-Special Education-Preschool Grants – Recovery Act, CFDA #84.392

	Major Programs (continued):	ARRA-State Fiscal Stabilization Fund (SFSF) – Education State Grants – Recovery Act, CFDA #84.394 Child Nutrition Cluster: School Breakfast Program (SBP) CFDA #10.553; National School Lunch Program (NSLP) CFDA# 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**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



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on February 22, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 5, 2012

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Dave Yost • Auditor of State

NORTHRIDGE LOCAL SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2012**