



GENERAL PURPOSE FINANCIAL STATEMENT

of the

Northridge Local School District

for the

Fiscal Year Ended June 30, 2001

Prepared By

Eugene Foust, Treasurer

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Johnstown, Ohio



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Education
Northridge Local School District

We have reviewed the Independent Auditor's Report of the Northridge Local School District, Licking County, prepared by Jones Cochenour & Co. for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 22, 2002

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
TABLE OF CONTENTS**

Independent Auditors' Report I

FINANCIAL SECTION

General Purpose Financial Statements

Combined Balance Sheet – All Fund Types and Account Groups 4 - 7

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
- All Governmental Fund Types and Similar Trust Fund 8 – 9**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
- Budget and Actual (Budget Basis) – All Governmental Fund Types 10 – 13**

**Combined Statement of Revenues, Expenses, and Changes in Fund Equity
- Proprietary Fund Type 14**

**Combined Statement of Revenues, Expenses, and Changes in Fund Equity
- Budget and Actual (Budget Basis) – Proprietary Fund Type 15**

Combined Statement of Cash Flows – Proprietary Fund Type 16

Notes to the General Purpose Financial Statements 17 – 44

**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards* 45 – 46**

**Findings Related to the Financial Statements Required to be Reported
in accordance with GAGAS 47 – 49**

Status of Prior Audit Findings and Citations 50

Conclusion Statement 51

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INDEPENDENT AUDITORS' REPORT

Board of Education
Northridge Local School District
Johnstown, Ohio

We have audited the accompanying general purpose financial statements of Northridge Local School District, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of Northridge Local School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material aspects, the financial position of Northridge Local School District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2001 on our consideration of Northridge Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jones, Cochenour & Co.
November 30, 2001

NORTHTRIDGE LOCAL SCHOOL DISTRICT, OHIO

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Capital Projects	Debt Service
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$248,117	\$134,237	\$82,469	\$312,719
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	2,806,655	49,035	0	724,221
Accounts	6,272	68	0	0
Intergovernmental	22,593	2,961	19,268	0
Accrued Interest	6,904	0	0	0
Interfund	9,987	0	0	0
Income Tax	686,816	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	4,095	0	0	0
Prepaid Items	43,132	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	58,147	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$3,892,718	\$186,301	\$101,737	\$1,036,940

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$68,228	\$26,532	\$0	\$0	\$872,302
0	123,657	0	0	123,657
0	0	0	0	3,579,911
0	0	0	0	6,340
0	0	0	0	44,822
0	0	0	0	6,904
0	0	0	0	9,987
0	0	0	0	686,816
6,705	0	0	0	6,705
759	0	0	0	4,854
1,653	0	0	0	44,785
0	0	0	0	58,147
241,693	0	21,219,911	0	21,461,604
0	0	0	376,183	376,183
0	0	0	8,980,891	8,980,891
<u>\$319,038</u>	<u>\$150,189</u>	<u>\$21,219,911</u>	<u>\$9,357,074</u>	<u>\$36,263,908</u>

(continued)

NORTHBRIDGE LOCAL SCHOOL DISTRICT, OHIO
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2001

GOVERNMENTAL FUND TYPES

	General	Special Revenue	Capital Projects	Debt Service
Liabilities,				
Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$32,423	\$8,809	\$0	\$0
Contracts Payable	24,197	0	0	0
Accrued Wages and Benefits	591,525	24,029	0	0
Compensated Absences Payable	15,694	0	0	0
Interfund Payable	0	0	0	9,987
Accrued Interest Payable	825	0	0	0
Intergovernmental Payable	145,163	6,027	0	0
Deferred Revenue	2,629,826	44,928	0	650,770
Due to Students	0	0	0	0
Due to Others	0	0	0	0
State Operating Loan Payable	314,000	0	0	0
Early Retirement Incentive	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	3,753,653	83,793	0	660,757
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	24,753	1,808	5,964	0
Reserved for Inventory	4,095	0	0	0
Reserved for Property Taxes	262,903	6,882	0	71,680
Reserved for Budget Stabilization	58,147	0	0	0
Unreserved:				
Designated	18,188	0	0	0
Undesignated (Deficit)	(229,021)	93,818	95,773	304,503
Total Fund Equity and Other Credits	139,065	102,508	101,737	376,183
Total Liabilities, Fund Equity and Other Credits	\$3,892,718	\$186,301	\$101,737	\$1,036,940

See accompanying notes to the general purpose financial statements

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$184	\$0	\$0	\$0	\$41,416
0	0	0	0	24,197
20,867	0	0	0	636,421
7,994	0	0	484,183	507,871
0	0	0	0	9,987
0	0	0	0	825
12,725	0	0	5,737	169,652
3,712	0	0	0	3,329,236
0	26,532	0	0	26,532
0	123,657	0	0	123,657
0	0	0	0	314,000
0	0	0	87,154	87,154
0	0	0	575,000	575,000
0	0	0	8,205,000	8,205,000
<u>45,482</u>	<u>150,189</u>	<u>0</u>	<u>9,357,074</u>	<u>14,050,948</u>
0	0	21,219,911	0	21,219,911
278,033	0	0	0	278,033
(4,477)	0	0	0	(4,477)
0	0	0	0	32,525
0	0	0	0	4,095
0	0	0	0	341,465
0	0	0	0	58,147
0	0	0	0	18,188
0	0	0	0	265,073
<u>273,556</u>	<u>0</u>	<u>21,219,911</u>	<u>0</u>	<u>22,212,960</u>
<u>\$319,038</u>	<u>\$150,189</u>	<u>\$21,219,911</u>	<u>\$9,357,074</u>	<u>\$36,263,908</u>

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIOCombined Statement of Revenues, Expenditures and
Changes in Fund BalancesAll Governmental Fund Types and Similar Trust Fund
For the Year Ended June 30, 2001

	GOVERNMENTAL	
	General	Special Revenue
Revenues:		
Property Taxes	\$2,818,655	\$58,479
Income Taxes	1,475,124	0
Intergovernmental	3,891,006	309,930
Interest	12,800	0
Tuition and Fees	82,541	0
Rent	3,980	0
Extracurricular Activities	0	113,249
Gifts and Donations	5,077	5,116
Miscellaneous	20,304	0
Total Revenues	8,309,487	486,774
Expenditures:		
Current:		
Instruction:		
Regular	3,434,175	155,309
Special	375,503	159,392
Vocational	140,026	0
Other	115,164	0
Support Services:		
Pupils	176,110	0
Instructional Staff	193,200	22,066
Board of Education	8,600	0
Administration	771,729	0
Fiscal	307,866	897
Business	16,028	0
Operation and Maintenance of Plant	778,876	28,600
Pupil Transportation	864,059	0
Central	166,143	8,948
Operation of Non-Instructional Services	0	0
Extracurricular Activities	126,767	115,958
Capital Outlay	0	0
Debt Service:		
Principal Retirement	65,525	0
Interest and Fiscal Charges	5,062	0
Total Expenditures	7,544,833	491,170
Excess of Revenues Over (Under) Expenditures	764,654	(4,396)
Other Financing Uses:		
Operating Transfers - Out	(22,834)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	741,820	(4,396)
Fund Balances (Deficit) at Beginning of Year (Restated Note 3)	(602,053)	106,904
Decrease in Reserve for Inventory	(702)	0
Fund Balances at End of Year	\$139,065	\$102,508

See accompanying notes to the general purpose financial statements

FUND TYPES		FIDUCIARY FUND TYPE	Totals (Memorandum Only)
Capital Projects	Debt Service	Expendable Trust	
\$0	\$790,070	\$0	\$3,667,204
0	0	0	1,475,124
190,065	81,596	0	4,472,597
111	0	0	12,911
0	0	0	82,541
0	0	0	3,980
0	0	0	113,249
0	0	11,000	21,193
1,225	0	0	21,529
<u>191,401</u>	<u>871,666</u>	<u>11,000</u>	<u>9,870,328</u>
0	0	0	3,589,484
0	0	0	534,895
0	0	0	140,026
0	0	0	115,164
0	0	0	176,110
0	0	0	215,266
0	0	0	8,600
0	0	0	771,729
0	11,539	0	320,302
0	0	0	16,028
0	0	0	807,476
0	0	0	864,059
0	0	0	175,091
0	0	11,000	11,000
0	0	0	242,725
219,776	0	0	219,776
0	301,695	0	367,220
0	507,049	0	512,111
<u>219,776</u>	<u>820,283</u>	<u>11,000</u>	<u>9,087,062</u>
<u>(28,375)</u>	<u>51,383</u>	<u>0</u>	<u>783,266</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(22,834)</u>
(28,375)	51,383	0	760,432
130,112	324,800	0	(40,237)
0	0	0	(702)
<u>\$101,737</u>	<u>\$376,183</u>	<u>\$0</u>	<u>\$719,493</u>

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Year Ended June 30, 2001

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$2,909,489	\$2,756,621	(\$152,868)
Income Taxes	1,206,452	1,192,633	(13,819)
Intergovernmental	3,626,223	3,584,688	(41,535)
Interest	14,683	13,419	(1,264)
Tuition and Fees	61,714	61,007	(707)
Rent	3,161	3,125	(36)
Extracurricular	0	0	0
Gifts and Donations	5,136	5,077	(59)
Total Revenues	7,826,858	7,616,570	(210,288)
Expenditures:			
Current:			
Instruction:			
Regular	3,495,829	3,487,634	8,195
Special	416,568	346,439	70,129
Vocational	190,494	135,260	55,234
Other	122,724	122,159	565
Support Services:			
Pupils	199,686	179,988	19,698
Instructional Staff	255,629	199,454	56,175
Board of Education	9,502	8,800	702
Administration	823,202	766,160	57,042
Fiscal	401,952	314,479	87,473
Business	25,460	17,536	7,924
Operation and Maintenance of Plant	846,625	779,235	67,390
Pupil Transportation	889,493	877,074	12,419
Central	168,344	166,089	2,255
Non-Instructional Services	0	0	0
Extracurricular Activities	140,627	125,610	15,017
Capital Outlay	0	0	0
Debt Services:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	7,986,135	7,525,917	460,218
Excess of Revenues Over (Under) Expenditures	(159,277)	90,653	249,930
Other Financing Sources (Uses):			
Refund of Prior Year Expenditures	20,520	20,520	0
Operating Transfers - Out	(31,476)	(22,834)	8,642
Advances In	13,700	13,700	0
Advances Out	(13,700)	(13,700)	0
Total Other Financing Sources (Uses)	(10,956)	(2,314)	8,642
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(170,233)	88,339	258,572
Fund Balances at Beginning of Year	133,396	133,396	0
Prior Year Encumbrance Appropriated	36,837	36,837	0
Fund Balances at End of Year	\$0	\$258,572	\$258,572

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$36,532	\$52,403	\$15,871	\$0	\$0	\$0
0	0	0	0	0	0
274,237	314,430	40,193	145,297	170,797	25,500
0	0	0	111	111	0
0	0	0	0	0	0
0	0	0	0	0	0
101,420	114,652	13,232	0	0	0
5,100	5,116	16	0	0	0
<u>417,289</u>	<u>486,601</u>	<u>69,312</u>	<u>145,408</u>	<u>170,908</u>	<u>25,500</u>
169,469	150,801	18,668	212,462	162,864	49,598
165,828	148,225	17,603	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
24,605	23,027	1,578	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,275	897	378	0	0	0
0	0	0	0	0	0
41,586	28,238	13,348	0	0	0
0	0	0	0	0	0
14,661	8,940	5,721	29,508	28,100	1,408
0	0	0	0	0	0
118,419	118,163	256	0	0	0
0	0	0	33,718	33,718	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>535,843</u>	<u>478,291</u>	<u>57,552</u>	<u>275,688</u>	<u>224,682</u>	<u>51,006</u>
<u>(118,554)</u>	<u>8,310</u>	<u>126,864</u>	<u>(130,280)</u>	<u>(53,774)</u>	<u>76,506</u>
0	0	0	1,226	1,226	0
0	0	0	0	0	0
13,700	13,700	0	0	0	0
(13,700)	(13,700)	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,226</u>	<u>1,226</u>	<u>0</u>
(118,554)	8,310	126,864	(129,054)	(52,548)	76,506
105,920	105,920	0	93,960	93,960	0
9,935	9,935	0	35,094	35,094	0
<u>(\$2,699)</u>	<u>\$124,165</u>	<u>\$126,864</u>	<u>\$0</u>	<u>\$76,506</u>	<u>\$76,506</u>

(Continued)

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund (Continued)
 For the Year Ended June 30, 2001

	DEBT SERVICE FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$829,455	\$762,821	(\$66,634)
Income Taxes	225,000	225,000	0
Intergovernmental	318,091	395,596	77,505
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular	0	0	0
Gifts and Donations	0	0	0
Total Revenues	1,372,546	1,383,417	10,871
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	199,971	11,539	188,432
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Services:			
Principal Retirement	887,445	840,695	46,750
Interest and Fiscal Charges	578,777	512,111	66,666
Total Expenditures	1,666,193	1,364,345	301,848
Excess of Revenues Over (Under) Expenditures	(293,647)	19,072	312,719
Other Financing Sources (Uses):			
Refund of Prior Year Expenditures	0	0	0
Operating Transfers - Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(293,647)	19,072	312,719
Fund Balances at Beginning of Year	293,647	293,647	0
Prior Year Encumbrance Appropriated	0	0	0
Fund Balances at End of Year	\$0	\$312,719	\$312,719

See accompanying notes to the general purpose financial statements

EXPENDABLE TRUST FUND			TOTALS (MEMORANDUM ONLY)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,775,476	\$3,571,845	(\$203,631)
0	0	0	1,431,452	1,417,633	(13,819)
0	0	0	4,363,848	4,465,511	101,663
0	0	0	14,794	13,530	(1,264)
0	0	0	61,714	61,007	(707)
0	0	0	3,161	3,125	(36)
0	0	0	101,420	114,652	13,232
11,000	11,000	0	21,236	21,193	(43)
11,000	11,000	0	9,773,101	9,668,496	(104,605)
0	0	0	3,877,760	3,801,299	76,461
0	0	0	582,396	494,664	87,732
0	0	0	190,494	135,260	55,234
0	0	0	122,724	122,159	565
0	0	0	199,686	179,988	19,698
0	0	0	280,234	222,481	57,753
0	0	0	9,502	8,800	702
0	0	0	823,202	766,160	57,042
0	0	0	603,198	326,915	276,283
0	0	0	25,460	17,536	7,924
0	0	0	888,211	807,473	80,738
0	0	0	889,493	877,074	12,419
0	0	0	212,513	203,129	9,384
11,000	11,000	0	11,000	11,000	0
0	0	0	259,046	243,773	15,273
0	0	0	33,718	33,718	0
0	0	0	887,445	840,695	46,750
0	0	0	578,777	512,111	66,666
11,000	11,000	0	10,474,859	9,604,235	870,624
0	0	0	(701,758)	64,261	766,019
0	0	0	21,746	21,746	0
0	0	0	(31,476)	(22,834)	8,642
0	0	0	27,400	27,400	0
0	0	0	(27,400)	(27,400)	0
0	0	0	(9,730)	(1,088)	8,642
0	0	0	(711,488)	63,173	774,661
0	0	0	626,923	626,923	0
0	0	0	81,866	81,866	0
\$0	\$0	\$0	(\$2,699)	\$771,962	\$774,661

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIOCombined Statement of Revenues, Expenses
and Changes in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	<u>ENTERPRISE</u>
<u>Operating Revenues:</u>	
Sales	\$275,042
Total Operating Revenues	<u>275,042</u>
<u>Operating Expenses:</u>	
Salaries	132,880
Fringe Benefits	48,971
Purchased Services	9,293
Materials and Supplies	6,331
Cost of Sales	156,848
Depreciation	16,845
Other	691
Total Operating Expenses	<u>371,859</u>
Operating Loss	<u>(96,817)</u>
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	23,837
Federal and State Subsidies	48,460
Interest	1,096
Other Non-Operating Revenues	6,000
Total Non-Operating Revenues(Expenses)	<u>79,393</u>
Net Loss Before Operating Transfers	(17,424)
Operating Transfers In	<u>22,834</u>
Net Income	5,410
Retained Earnings (Deficit) at Beginning of Year	<u>(9,887)</u>
Retained Earnings (Deficit) at End of Year	(4,477)
Contributed Capital at Beginning of Year	<u>278,033</u>
Contributed Capital at End of Year	<u>278,033</u>
Total Fund Equity at End of Year	<u><u>273,556</u></u>

See accompanying notes to the general purpose financial statements

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 Combined Statement of Revenues, Expenses and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2001

	ENTERPRISE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	261,533	275,204	13,671
Interest	0	1,096	1,096
Federal and State Subsidies	48,460	54,460	6,000
Total Revenues	309,993	330,760	20,767
Expenses:			
Salaries	133,716	128,610	5,106
Fringe Benefits	49,712	49,712	0
Purchased Services	18,670	10,946	7,724
Materials and Supplies	150,643	140,320	10,323
Other	1,265	691	574
Total Operating Expenses	354,006	330,279	23,727
Excess of Revenues Under Expenses	(44,013)	481	(2,960)
Operating Transfers In	0	22,834	0
Excess of Revenues Over (Under) Expenses and Transfers	(44,013)	23,315	(2,960)
Fund Equity at Beginning of Year	43,384	43,384	0
Prior Year Encumbrances Appropriated	629	629	0
Fund Equity at End of Year	\$0	\$67,328	(\$2,960)

See accompanying notes to the general purpose financial statements

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2001

	ENTERPRISE
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$275,204
Cash Payments to Suppliers for Goods and Services	(178,322)
Cash Payments for Employees Services and Benefits	(150,366)
Other Operating Revenues and Expenses	(691)
Net Cash Used for Operating Activities	(54,175)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	54,460
Operating Transfers In	22,834
Net Cash Provided by Noncapital Financing Activities	77,294
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	1,096
Net Increase in Cash and Cash Equivalents	24,215
Cash and Cash Equivalents at Beginning of Year	44,013
Cash and Cash Equivalents at End of Year	\$68,228
Reconciliation of Operating Loss to Net	
<u>Cash Used for Operating Activities:</u>	
Operating Loss	(\$96,817)
Adjustments to Reconcile Operating Loss to	
<u>Net Cash Used for Operating Activities:</u>	
Depreciation	16,845
Donated Commodities Used During Year	23,837
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	162
Increase in Inventory Held for Resale	(397)
Decrease in Materials and Supplies Inventory	183
Increase in Prepaid Items	(1,653)
Increase in Accounts Payable	136
Increase in Accrued Wages and Benefits Payable	7,441
Increase in Compensated Absences	230
Decrease in Intergovernmental Payable	(4,142)
Total Adjustments	42,642
Net Cash Used for Operating Activities	(\$54,175)

See accompanying notes to the general purpose financial statements

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1962 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 120 square miles. It is located in Licking, Knox, and Delaware Counties, and includes all of the Villages of Alexandria, and Croton and Burlington Township. The School District is staffed by 44 classified employees, 96 certificated full-time teaching personnel, and 8 administrative employees who provide services to 1,337 students and other community members. The School District currently operates five instructional buildings, one administrative buildings, and one garage.

On March 14, 2000, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. New legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the new law, a five-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission's primary charge is to develop, adopt and implement a five year financial recovery plan. The Commission accordingly adopted the School District Plan on August 3, 2000. The Commission is comprised of a designated representative from the State Director of Budget and Management, a designated representative from the State Superintendent of Public Instruction, a resident/business owner within the School District appointed by the Licking County Auditor, a local business person appointed by the Governor, and a parent with a child enrolled within the School District appointed by the State Superintendent of Public Instruction. Once the plan has been adopted, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan.

Reporting Entity

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

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 1 - Description of the School District and Reporting Entity (Continued)

The School District is associated with three jointly governed organizations, one related organization, and an insurance purchasing pool. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, the Central Ohio Special Education Regional Resource Center, the Alexandria Public Library, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which are presented in Notes 19, 20, and 21 to the general purpose financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis Of Presentation - Fund Accounting

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

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

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

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

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

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

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

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The School District's fiduciary funds include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust fund.

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds or trust fund.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

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

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of 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 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, interest, tuition, grants, student fees and rentals.

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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.

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund, function, and object level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow and are intended to be repaid.

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

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2001.

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

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

The School District has a segregated bank account for payroll. This checking account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts".

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 2001 amounted to \$13,896, which includes \$7,192 assigned from other School District funds. The capital projects and enterprise funds received interest revenue of \$111 and \$1,096, respectively.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include the amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 22 for additional information regarding set-asides.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expenses is reported in the year in which the services are consumed.

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Fixed Assets and Depreciation

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

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees with twenty years of experience with School District, or after fifteen years of service and at least 45 years of age, or after ten years of service and at least 50 years of age.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

K. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are generally considered not to have been made with current available financial resources. Long-term loans and bonds are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Non-recurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

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

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

N. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at the fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

O. Estimates

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

P. Designation of Fund Balance

The School District had a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization required by State statute.

Q. Totals Columns on General Purpose Financial Statements

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

Note 3 - Changes in Accounting Principles and Restatement of Fund Balance

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues." The implementation of GASB Statements 33 and 36 had no effect on fund balance at June 30, 2000.

Restatement of Fund Balances In fiscal year 2000, the bond retirement debt service fund's portion of homestead and rollback was improperly posted to the general fund in the amount of \$20,800. This error had the following effects on fund balance as it was previously reported as of June 30, 2000:

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 3 - Changes in Accounting Principles and Restatement of Fund Balance (Continued)

	General	Debt Service
Balances as previously reported	(\$581,253)	\$304,000
	(20,800)	20,800
Restated Balances as of July1, 2000	(\$602,053)	\$324,800

Note 4 - Accountability and Compliance

A. Fund Deficits

The following funds had deficit fund balances as of June 30, 2001:

	Deficit
Special Revenue Funds:	
Title VI-B	\$1,787
Title I	5,924

The deficits in the special revenue funds was the result of expenditures being made in excess of revenues. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Statutory Compliance

The following fund had appropriations in excess of estimated resources plus available balances for the year ended June 30, 2001:

	Resources	Appropriations	Excess
Special Revenue Fund:			
Title VI	\$6,585	\$9,285	\$2,700

Note 5 - Budgetary Basis of Accounting

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 5 - Budgetary Basis of Accounting (Continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Proceeds from and principal payments on tax anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP Basis).

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

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

	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust
GAAP Basis	\$741,820	(\$4,396)	(\$28,375)	\$51,383	\$0
Revenue Accruals	(128,334)	(174)	(19,268)	(32,311)	0
Reclass Debt Service Revenue	(544,062)	0	0	544,062	0
Expenditure Accruals	109,739	22,952	1,058	0	0
Prepaid Items	(43,132)	0	0	0	0
Debt Service Principal	0	0	0	(539,000)	0
Debt Service Interest	0	0	0	(5,062)	0
Encumbrances	(47,692)	(10,072)	(5,963)	0	0
Budget Basis	<u>\$88,339</u>	<u>\$8,310</u>	<u>(\$52,548)</u>	<u>\$19,072</u>	<u>\$0</u>

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 5 - Budgetary Basis of Accounting (Continued)

Net Income (Loss)/Excess of Revenues Over (Under) Expenses and Advances All Proprietary Fund Type	Enterprise
GAAP Basis	\$5,409
Revenue Accruals	(23,675)
Expense Accruals	28,011
Materials and Supplies Inventory	(183)
Prepaid Items	(1,653)
Inventory Held for Resale	(540)
Depreciation Expense	16,845
Encumbrances	(900)
Budget Basis	\$23,314

Note 6 - Deposits and Investments

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

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

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

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

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

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 6 - Deposits and Investments (Continued)

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 other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held until maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 6 - Deposits and Investments (Continued)

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$1,054,106 and the bank balance was \$1,157,775. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$1,057,775 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department or agent in the School District's name and all State statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District's investments for fiscal year 2001, were limited to a certificate of deposit which matured during the year and was not renewed.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

Real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 7 - Property Taxes (Continued)

The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$129,914,190	97.20%	\$129,914,190	97.20%
Public Utility Personal	2,470,152	1.80%	2,470,152	1.80%
Tangible Personal Property	1,316,445	1.00%	1,316,445	1.00%
	<u>\$133,700,787</u>	<u>100.00%</u>	<u>\$133,700,787</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$42.70		\$42.70

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.

Tangible personal property taxes paid 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.

The School District receives property taxes from Licking, Knox, and Delaware Counties. The County Auditors 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, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. Also intended to finance current fiscal year operations is the June 30 personal property tax settlement that was received until July, 2001 in the amount of \$12,145 in the general fund, \$186 in the classroom facilities maintenance special revenue fund, and \$1,770 in the bond retirement debt service fund. The amount available as an advance at June 30, 2001, was \$341,466. \$262,903 was available to the general fund, \$6,882 was available to the classroom facilities maintenance special revenue fund, and \$71,680 was available to the bond retirement debt service fund.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 8 - Income Tax

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1998 and remains effective for three years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

Note 9 - Receivables

Receivables at June 30, 2001 consisted of property taxes, accounts (billings for user charged services, vendors commissions, and tuition and fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund:	
Miscellaneous Revenue	\$20,060
Mileage Reimbursement	2,533
Total General Fund	22,593
Special Revenue Funds:	
Eisenhower	445
Drug Free Schools	759
Telecom E-Rate	1,757
Total Special Revenue Funds	2,961
Capital Projects Fund:	
Interactive Video Distance Learning	19,268
Total Intergovernmental Receivables	\$44,822

Note 10 - Fixed Assets

A summary of the Proprietary Funds' fixed assets at June 30, 2001, follows:

	Enterprise Fund
Furniture and Equipment	\$356,159
Less: Accumulated Depreciation	(114,466)
Net Fixed Assets	\$241,693

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 10 - Fixed Assets (Continued)

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance 06/30/00	Additions	Deletions	Balance 06/30/01
Land and Improvements	\$88,150	\$8,284	\$0	\$96,434
Buildings	18,445,772	5,468	0	18,451,240
Furniture and Equipment	1,953,625	124,756	0	2,078,381
Vehicles	593,856	0	0	593,856
Total	\$21,081,403	\$138,508	\$0	\$21,219,911

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School District contracted with Nationwide Insurance for all insurances except automobile insurance which was contracted through State Farm Insurance. Coverages provided are as follows:

Building and Contents - Replacement Cost (\$500 deductible)	\$25,000,000
School Equipment (\$250 deductible)	500,000
Boiler and Machinery (\$1,000 deductible)	15,558,600
Extra Expense (\$1,000 deductible)	100,000
Automobile Liability Bodily Injury	
Per Occurrence (\$50 deductible comprehensive and \$250 collision)	100,000
Aggregate Per Year (\$50 deductible comprehensive and \$250 collision)	300,000
Uninsured Motor Vehicle Bodily Injury	
Per Occurrence	100,000
Aggregate Per Year	300,000
General Liability	
Per Occurrence	2,000,000
Aggregate Per Year	5,000,000

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 11 - Risk Management (Continued)

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 21). 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$31,232, \$19,557 and \$104,911 respectively; 23.92 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$23,760 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 12 - Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$373,205, \$242,734 and \$230,869, respectively; 84.54 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$57,706 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

Note 13 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$176,781 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 13 - Postemployment Benefits (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$90,402.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

Note 14 - Employee Benefits

A. *Compensated Absences*

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

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

B. *Health Care Benefits*

The School District provides health and drug insurance for all eligible employees through Anthem Blue Cross/Blue Shield. The School District pays medical and drug monthly premiums for staff of \$390.56 for family coverage and \$188.88 for single coverage. The School District also provides dental insurance for all eligible employees through Medical Benefit Mutual. The School District's share of the monthly premium for dental insurance coverage is \$28.98 for family and \$11.07 for single employees. The School District provides vision insurance through Vision Plus. The School District pays \$5.30 per month for all eligible employees. The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life. Premiums are paid from the same funds that pay the employees' salaries.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 14 - Employee Benefits (Continued)

C. Early Retirement Incentive

The School District Board of Education approved an Early Retirement Incentive program on March 1, 1999 in accordance with Ohio Revised Code Section 3307.35 and Section 3309.33. Participation is open to STRS and SERS employees who qualify for retirement under the guidelines as established by each retirement board. Employees eligible for the two year's of service purchase must make application during the "open window" period of March 1, 2000 through June 30, 2001. Annually, a minimum of five percent of eligible employees will be approved. The Board had the option of paying the early retirement buyout in its entirety or in installments. Early retirement incentive payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements for governmental funds. These expenditures are reflected as program/function expenditures on the budgetary basis.

Note 15 - Fund Obligations

Changes in fund obligations of the School District during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
	<u>6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>6/30/01</u>
General Fund:				
Income Tax Anticipation Note - 4.5%	\$225,000	\$0	\$225,000	\$0
State Solvency Advance - Interest Free	628,000	0	314,000	314,000
Total General Long-Term Obligations	<u>\$853,000</u>	<u>\$0</u>	<u>\$539,000</u>	<u>\$314,000</u>

The income tax anticipation note was issued for a two year period and matured on December 1, 2000. It was issued to help the School District to meet current expenditures. The note pledges income tax revenues for repayment.

The State Solvency Advance, which is an interest free loan from the State, was issued due to the School District's operating deficit in fiscal year 2000. The loan is repaid over a two year period and will mature on June 2, 2002. The loan will be repaid directly through monthly reductions from the State Foundation revenues in the general fund.

The income tax anticipation note and the State Solvency Advance are backed by the full faith and credit of the School District. The liabilities are reflected in the fund which received the proceeds.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deletions	Principal Outstanding 6/30/01
Energy Conservation Note	\$635,000	\$0	\$60,000	\$575,000
Classroom Facility Improvement Bonds	8,430,000	0	225,000	8,205,000
Classroom Facility Loan	5,923,153	0	5,923,153	0
Pension Obligation	22,562	5,737	22,562	5,737
Compensated Absences	581,276	58,908	156,001	484,183
Early Retirement Incentive	65,525	87,154	65,525	87,154
Total General Long-Term Obligations	<u>\$15,657,516</u>	<u>\$151,799</u>	<u>\$6,452,241</u>	<u>\$9,357,074</u>

On May 7, 1997, the School District issued \$747,000 in unvoted energy conservation notes with a varying interest rate of 4.05% to 5.75%, for the purpose of installing energy conservation improvements for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2008. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. Tax revenues were allocated from the general fund to the bond retirement debt service fund to meet current fiscal year obligations.

The School District issued Classroom Facility Improvement Bonds in 1995 in the amount of \$9,112,344 to meet the matching requirement for a classroom facility project involving the State Department of Education. The project included an addition and improvements to the District's facilities. The bonds bear interest of 5.75 to 6.75% and are retired through the bond retirement debt service fund.

The School District received a loan in 1995 in the amount of \$6,000,000 from the State Department of Education to finance additions and improvements to the District's facilities. The loan is repaid through the bond retirement debt service fund with the proceeds of a .5 mill levy. The term of the loan is 23 years or until the loan is repaid, which ever comes first. Annual payments are limited to the amount of the tax revenues received each fiscal year. The balance of the loan, if any, remaining after the 23 years will be forgiven.

In 1996, the State law was amended to permit the School District to enter into a supplemental agreement which allowed for one-half of the levy to be used for maintenance of the classroom facilities project and the other half of the levy to be used to repay the loan for the classroom facilities from the State. In September 2001, Section 6 of Amended Senate Bill 272, eliminated the requirement for the School District to repay the loan and allow the entire one-half mill levy to be retained for maintenance of the project facility

The School District's overall legal debt margin was \$3,627,180, with an unvoted debt margin of \$133,701 at June 30, 2001. Principal and interest requirements to retire energy conservation notes and school facilities bonds outstanding at June 30, 2001, are as follows:

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 16 - Long-Term Obligations (Continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$305,000	\$488,167	\$793,167
2003	330,000	467,780	797,780
2004	355,000	445,711	800,711
2005	390,000	422,485	812,485
2006	415,000	400,268	815,268
2007 – 2011	2,185,000	1,660,004	3,845,004
2012 – 2016	2,710,000	1,007,649	3,717,649
2017 – 2019	2,090,000	185,150	2,275,150
Total	<u>\$8,780,000</u>	<u>\$5,077,214</u>	<u>\$13,857,214</u>

Note 17 - Interfund Transactions

Interfund balances at June 30, 2001, consist of the following individual interfund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$9,987</u>	<u>\$0</u>
Debt Service Fund:		
Bond Retirement	<u>0</u>	<u>9,987</u>
Total All Funds	<u>\$9,987</u>	<u>\$9,987</u>

Note 18 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 18 - Segment Information for Enterprise Funds (Continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$275,042	\$0	\$275,042
Depreciation	16,845	0	16,845
Operating Loss	(96,817)	0	(96,817)
Donated Commodities	23,837	0	23,837
Operating Grants	48,460	0	48,460
Operating Transfers	22,834	0	22,834
Net Income (Loss)	(590)	6,000	5,410
Net Working Capital	(32,761)	6,000	(26,761)
Total Assets	313,038	6,000	319,038
Long-Term Compensated Absences Payable	7,994	0	7,994
Total Equity	267,556	6,000	273,556
Encumbrances, June 30, 2001	900	0	900

Note 19 - Jointly Governed Organizations

A. Licking Area Computer Association

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

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The School District's payments to LACA for computer services for fiscal year 2001 was \$82,723. Financial statements for LACA can be obtained from their fiscal agent - the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

B. Metropolitan Educational Council

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 135 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The School District does not participate in the insurance pool. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2001 was \$507. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 19 - Jointly Governed Organizations (Continued)

C. Central Ohio Special Education Regional Resource Center

The Central Ohio Educational Resource Center (COSERRC) provides special education services at a regional level and assists school districts in complying with the mandates of P.L. 101-476 and P.L. 99-457 for educating children with disabilities. There is no financial commitment by the School District for its participation in the projects. The School District has one representative on the governing board. Further information may be obtained by contacting the Central Ohio Special Education Regional Resource Center at 470 Glenmont Avenue, Columbus, Ohio 43214.

Note 20 - Related Organization

Alexandria Public Library

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

Note 21 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Note 22 - Set-Aside Calculations

The Northridge Local School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, Senate Bill 345 eliminated the requirement for a budget reserve; however, the amount of the budget reserve funded with workers' compensation refunds or rebates may only be used to offset a budget deficit or certain other expenditures as defined in State Statute.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 22 - Set-Aside Calculations (Continued)

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2000	(\$46,654)	\$1,647	\$58,147
Current year set-aside requirement	183,534	183,534	0
Current year offsets	0	(58,623)	0
Qualifying Disbursements	(148,716)	(157,396)	0
Totals	<u>(11,836)</u>	<u>(89,461)</u>	<u>58,147</u>
Set-aside Balance Carried Forward to			
Future Fiscal Years	<u>(11,836)</u>	<u>(30,838)</u>	<u>58,147</u>
Set-aside Reserve Balance as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$58,147</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital improvement set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements of future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$58,147.

Note 23 - State School Funding

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 21, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 23 - State School Funding (Continued)

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of the financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial statements.

Note 24 - Contingencies

A. Grants

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

The School District is a party to legal proceedings. The School District management is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Northridge Local School District
Johnstown, Ohio

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

Compliance

As part of obtaining reasonable assurance about whether Northridge Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-7606-001 through 2001-7606-004. We also noted other matters involving compliance that we have reported to management of Northridge Local School District in a separate letter dated November 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northridge Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Northridge Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in the accompanying schedule of findings as item 2001-7606-005 and 2001-7606-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

We believe the reportable conditions described above are material weaknesses. We also noted another matter involving the internal control over financial reporting that we have reported to management of Northridge Local School District in a separate letter dated November 30, 2001.

This report is intended for the information and use of the board of education, management and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

**Jones, Cochenour & Co.
November 30, 2001**

**NORTHRIDGE LOCAL SCHOOL DISTRICT
JUNE 30, 2001**

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

FINDING NUMBER	2001-7606-001
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Ohio Rev. Code Section 5705.36 states that “on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. However, reserve balance accounts established pursuant to Ohio Rev. Code § 5705.13 (see Ohio Compliance Supplement, Section 1-25) for the following, are required to be excluded from the amount of unencumbered balances:

- Budget stabilization,
- Self-insurance programs,
- Retrospective ratings plans for Workers’ Compensation

The District did not exclude the set aside from the Certificate of the Total Amount from all Sources Available for Expenditures, and Balances. We recommend the District exclude these in future years.

FINDING NUMBER	2001-7606-002
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Ohio Administrative Code Rule 3301-61-16 (the Rule) states that HB 282, 123rd General Assembly changed the method of funding vocational education. To help assure schools spend the funding on Vocational Education, the State Department of Education adopted the Rule, which:

- (1) Describes examples of allowable and unallowable costs;
- (2) Provides 2 alternative formulas by which school districts can measure whether they have spent sufficient vocational weighted funding. These two formulas appear in subsections A(2)(b) and A(3) of the Rule, respectively.

The District has not been in compliance with “the Rule” during the fiscal year per the Treasurer. We recommend the District insure that they are in compliance for future years.

FINDING NUMBER	2001-7606-003
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Ohio Rev. Code Section 133.10 authorizes the taxing authority of any subdivision to issue notes in anticipation of the collection of current property taxes and/or any other current revenues ... The notes must mature no later than 6 months after issue, and in no case may they mature after the end of the fiscal year. The District issued income tax anticipation notes in March of 1998 that had a maturity date in excess of 6 months, and after the end of the current fiscal year. We recommend the District monitor this in the future.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
JUNE 30, 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN
ACCORDANCE WITH GAGAS - CONTINUED**

FINDING NUMBER	2001-7606-004
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Ohio Rev. Code Section 5705.36 (4) states that “upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriation, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency”. The District did not obtain a reduced amended certificate when the amount of the deficiency reduced available resources below the current level of appropriation as follows:

	<u>Actual</u> <u>Revenues</u>	<u>7/1/00</u> <u>Unenc. Bal.</u>	<u>Total</u>	<u>Appropriations</u>	<u>Deficiency</u>
General Fund	\$ 7,650,790	\$ 133,396	\$ 7,784,186	\$ 7,994,474	\$ (210,288)

We recommend that in the future the District obtain from the budget commission a revision if the legislative authority intends to appropriate and/or expend in excess of the parameters.

FINDING NUMBER	2001-7606-005
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REPORTABLE CONDITION – MATERIAL WEAKNESS – FIXED ASSETS REPORTS

During our audit we noted that the District did not have procedures in place for utilizing reports generated by the computer system. We noted that the District does not correctly code the additions or deletions of fixed assets identified in the brief asset listing report so that additions or deletions are reflected correctly in the detail schedule of changes in fixed assets report. In determining what assets should be capitalized, the District identifies the fixed assets to be capitalized from the Budget Account Information Report. Although there were no deletions noted this current fiscal year, in the past, the prior treasurer would track retired or sold fixed assets separately from the fixed asset reports. These deletions are not always deleted in the brief asset listing report. When the financial statements are converted at fiscal year end to reflect GAAP, a journal entry is made to record all additions and/or deletions representative for the fiscal year end to the financial statement only.

We recommend that the District begin utilizing the reports for the additions and disposals of fixed assets. This will enhance the process of identifying each asset included in the Brief Asset Listing Report as to its existence and cost. Any item that has been retired or sold should be deleted off of the Brief Asset Listing Report. Items that have been identified in the expenditure reports as capitalized assets, should be included in the detail of changes in fixed asset report. The detail of changes in fixed asset report should agree to fixed assets. To accomplish this, we suggest that a reconciliation procedure be incorporated from an internal control and financial statement standpoint.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
JUNE 30, 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN
ACCORDANCE WITH GAGAS – CONTINUED**

FINDING NUMBER	2001-7606-006
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REPORTABLE CONDITION – MATERIAL WEAKNESS – CASH DISBURSEMENT CYCLE

During our audit testing, we noted several areas in the District’s purchasing cycle that was not being completed, therefore reducing controls over the purchasing process. We noted instances where requisitions were not completed for the purchase of goods or services. Purchase requisitions stating quantities and prices of goods and/or services need to be turned in by building principals and quantities and prices of goods and/or services need to be turned in by building principals and appropriate supervisors for all purchases. We noted that dates on invoices were before the purchase order date, therefore indicating funds were not properly encumbered and certified by the fiscal officer. We also noted that there was no visible indication prior to invoice payment that merchandise was received. The purchase order should be signed indicating that all items have been received and should be maintained and attached to the voucher package. The purchase ordering system is a control device used to identify orders and give the assigned individuals the authority and responsibility of purchasing. This will reduce the risk of unauthorized transactions occurring and the possibility of errors as to price, quantity, and vendor.

We recommend that the District follow its purchasing cycle.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
JUNE 30, 2001**

STATUS OF PRIOR AUDIT FINDINGS AND CITATIONS

FINDINGS, CITATIONS AND REPORTABLE CONDITIONS	STATUS	EXPLANATION IF NOT FULLY IMPLEMENTED
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CITATIONS/REPORTABLE CONDITIONS:

1. Ohio Rev. Code Section 5705.41(D)	Partially Corrected	Only three instances out of sample of 60.
2. Ohio Rev. Code Section 133.10 (1998)	Not Corrected	Bond matured August 2001.
3. Cash Disbursement Cycle	Not Corrected	Treasurer to monitor.
4. Ohio Rev. Code Section 9.38	Corrected	N/A
5. Ohio Rev. Code Section 5705.39	Corrected	N/A

NORTHRIDGE LOCAL SCHOOL DISTRICT

CONCLUSION STATEMENT

The post audit conference was held on December 27, 2001.



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OFFICE OF THE AUDITOR

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NORTHRIDGE LOCAL SCHOOL DISTRICT

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 31, 2002**