



**Auditor of State
Betty Montgomery**

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

TABLE OF CONTENTS

	PAGE
Independent Accountants' Report.....	1
General-Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types.....	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis)- All Governmental Fund Types.....	9
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Proprietary Fund Type	13
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Budget Basis)- Proprietary Fund Type.	14
Combined Statement of Cash Flows - Proprietary Fund Type.....	15
Notes to the General Purpose Financial Statements	17
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standard</i>	45
Schedule of Findings.....	47

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Education
Northridge Local School District
Licking County
6097 Johnstown-Utica Road
Johnstown, Ohio 43031

We have audited the accompanying general-purpose financial statements of the Northridge Local School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with 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 respects, the financial position of the Northridge Local School District, Licking County, Ohio, as of June 30, 2003, 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 December 5, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery
Auditor of State**

December 5, 2003

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NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2003

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$982,264	\$162,472	\$311,360	\$25,079
Receivables:				
Property and Other Local Taxes	3,291,021	72,100	776,670	0
Accounts	5,885	303	0	0
Intergovernmental	26,051	48,068	0	14,000
Accrued Interest	2,001	0	0	0
Interfund	14,987	0	0	0
Income Tax	682,985	0	0	0
Materials and Supplies Inventory	3,217	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	80,696	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	58,147	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
	0	0	0	0
<u>Other Debits:</u>				
Amount Available in General Obligation Bond Retirement Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$5,147,254	\$282,943	\$1,088,030	\$39,079

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ENTERPRISE	AGENCY			
\$92,151	\$46,973	\$0	\$0	\$1,620,299
0	0	0	0	4,139,791
166	0	0	0	6,354
8,549	0	0	0	96,668
0	0	0	0	2,001
0	0	0	0	14,987
0	0	0	0	682,985
538	0	0	0	3,755
18,760	0	0	0	18,760
2,133	0	0	0	82,829
0	0	0	0	58,147
215,736	0	17,221,188	0	17,436,924
0	0	0	351,643	351,643
0	0	0	8,479,948	8,479,948
<u>\$338,033</u>	<u>\$46,973</u>	<u>\$17,221,188</u>	<u>\$8,831,591</u>	<u>\$32,995,091</u>

(Continued)

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2003
 (Continued)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$129,751	\$4,836	\$0	\$0
Accrued Wages and Benefits	669,635	32,927	0	0
Compensated Absences Payable	7,368	0	0	0
Interfund Payable	0	5,000	9,987	0
Intergovernmental Payable	263,717	3,875	0	0
Deferred Revenue	3,134,372	66,666	726,400	14,000
Due to Students	0	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	4,204,843	113,304	736,387	14,000
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	45,878	16,135	0	5,457
Reserved for Inventory	3,217	0	0	0
Reserved for Property Taxes	239,229	5,196	48,285	0
Reserved for Budget Stabilization	58,147	0	0	0
Unreserved	595,940	148,308	303,358	19,622
Total Fund Equity and Other Credits	942,411	169,639	351,643	25,079
Total Liabilities, Fund Equity and Other Credits	\$5,147,254	\$282,943	\$1,088,030	\$39,079

See accompanying notes to the general purpose financial statements

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ENTERPRISE	AGENCY			
\$350	\$0	\$0	\$0	\$134,937
22,410	0	0	0	724,972
9,467	0	0	580,311	597,146
0	0	0	0	14,987
17,634	0	0	41,300	326,526
0	0	0	0	3,941,438
0	46,973	0	0	46,973
0	0	0	64,980	64,980
0	0	0	440,000	440,000
0	0	0	7,705,000	7,705,000
<u>49,861</u>	<u>46,973</u>	<u>0</u>	<u>8,831,591</u>	<u>13,996,959</u>
0	0	17,221,188	0	17,221,188
278,033	0	0	0	278,033
10,139	0	0	0	10,139
0	0	0	0	67,470
0	0	0	0	3,217
0	0	0	0	292,710
0	0	0	0	58,147
0	0	0	0	1,067,228
<u>288,172</u>	<u>0</u>	<u>17,221,188</u>	<u>0</u>	<u>18,998,132</u>
<u>\$338,033</u>	<u>\$46,973</u>	<u>\$17,221,188</u>	<u>\$8,831,591</u>	<u>\$32,995,091</u>

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<u>Revenues:</u>					
Property Taxes	\$2,993,916	\$71,653	\$729,532	\$0	\$3,795,101
Income Taxes	1,501,256	0	0	0	1,501,256
Intergovernmental	4,698,642	246,617	82,158	6,000	5,033,417
Interest	9,160	0	0	0	9,160
Tuition and Fees	92,836	0	0	0	92,836
Rent	4,000	0	0	0	4,000
Extracurricular Activities	0	125,506	0	0	125,506
Gifts and Donations	0	20,989	0	0	20,989
Miscellaneous	145	31,840	0	0	31,985
Total Revenues	<u>9,299,955</u>	<u>496,605</u>	<u>811,690</u>	<u>6,000</u>	<u>10,614,250</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	4,294,222	55,548	0	12,414	4,362,184
Special	727,137	182,920	0	0	910,057
Vocational	116,725	0	0	0	116,725
Support Services:					
Pupils	252,472	0	0	0	252,472
Instructional Staff	229,919	6,862	0	0	236,781
Board of Education	7,075	0	0	0	7,075
Administration	834,175	0	0	0	834,175
Fiscal	379,666	1,120	11,042	0	391,828
Business	38,925	0	0	0	38,925
Operation and Maintenance	913,719	32,824	0	0	946,543
Pupil Transportation	992,151	0	0	0	992,151
Central	182,193	6,540	0	16,018	204,751
Extracurricular Activities	158,349	170,144	0	0	328,493
Capital Outlay	0	0	0	26,111	26,111
Debt Service:					
Principal Retirement	96,124	0	330,000	0	426,124
Interest and Fiscal Charges	9,546	0	467,780	0	477,326
Total Expenditures	<u>9,232,398</u>	<u>455,958</u>	<u>808,822</u>	<u>54,543</u>	<u>10,551,721</u>
Excess of Revenues Over (Under) Expenditures	67,557	40,647	2,868	(48,543)	62,529
<u>Other Financing Sources:</u>					
Proceeds from the Sale of Fixed Assets	<u>8,998</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,998</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	76,555	40,647	2,868	(48,543)	71,527
Restated Fund Balances at Beginning of Year (See Note 3)	865,999	128,992	348,775	73,622	1,417,388
Decrease in Reserve for Inventory	(143)	0	0	0	(143)
Fund Balances at End of Year	<u>\$942,411</u>	<u>\$169,639</u>	<u>\$351,643</u>	<u>\$25,079</u>	<u>\$1,488,772</u>

See accompanying notes to the general purpose financial statements

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>			
Property Taxes	\$2,940,904	\$2,940,904	\$0
Income Tax	1,512,239	1,512,239	0
Intergovernmental	4,627,611	4,698,642	71,031
Interest	10,601	10,601	0
Tuition and Fees	110,252	69,569	(40,683)
Rent	4,000	4,000	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	143	143	0
Total Revenues	9,205,750	9,236,098	30,348
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,193,497	4,197,183	(3,686)
Special	724,592	724,592	0
Vocational	118,612	118,612	0
Other	84,763	84,763	0
Support Services:			
Pupils	241,236	241,236	0
Instructional Staff	280,923	280,923	0
Board of Education	6,075	6,075	0
Administration	824,778	824,778	0
Fiscal	383,226	383,226	0
Business	42,401	42,401	0
Operation and Maintenance of Plant	914,423	914,423	0
Pupil Transportation	1,010,151	1,010,151	0
Central	182,033	182,033	0
Extracurricular	184,258	184,258	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	9,190,968	9,194,654	(3,686)
Excess of Revenues Over (Under)			
Expenditures	14,782	41,444	26,662
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	8,998	8,998	0
Advances In	0	0	0
Advances Out	(5,000)	(5,000)	0
Total Other Financing Sources (Uses)	3,998	3,998	0
Excess of Revenues and Other Financing Sources Over (Under)			
Expenditures and Other Financing Uses	18,780	45,442	26,662
Fund Balances at Beginning of Year	794,315	794,315	0
Prior Year Encumbrances Appropriated	95,459	95,459	0
Fund Balances at End of Year	\$908,554	\$935,216	\$26,662

(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
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Continued)

	SPECIAL REVENUE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>			
Property Taxes	\$71,113	\$71,113	\$0
Income Tax	0	0	0
Intergovernmental	290,784	201,661	(89,123)
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	110,496	126,115	15,619
Gifts and Donations	20,989	20,989	0
Miscellaneous	31,840	31,840	0
Total Revenues	<u>525,222</u>	<u>451,718</u>	<u>(73,504)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	76,617	62,198	14,419
Special	243,872	170,998	72,874
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	15,045	10,865	4,180
Board of Education	0	0	0
Administration	0	0	0
Fiscal	1,120	1,120	0
Business	0	0	0
Operation and Maintenance of Plant	55,707	27,218	28,489
Pupil Transportation	0	0	0
Central	15,766	6,540	9,226
Extracurricular	91,843	175,614	(83,771)
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>499,970</u>	<u>454,553</u>	<u>45,417</u>
Excess of Revenues Over (Under)			
Expenditures	<u>25,252</u>	<u>(2,835)</u>	<u>(28,087)</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	5,000	5,000	0
Advances Out	0	0	0
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under)			
Expenditures and Other Financing Uses	30,252	2,165	(28,087)
Fund Balances at Beginning of Year	127,843	127,843	0
Prior Year Encumbrances Appropriated	12,581	12,581	0
Fund Balances at End of Year	<u>\$170,676</u>	<u>\$142,589</u>	<u>(\$28,087)</u>

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$730,953	\$730,981	\$28	\$0	\$0	\$0
0	0	0	0	0	0
77,087	82,158	5,071	10,612	6,000	(4,612)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>808,040</u>	<u>813,139</u>	<u>5,099</u>	<u>10,612</u>	<u>6,000</u>	<u>(4,612)</u>
0	0	0	48,899	43,981	4,918
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
8,045	11,042	(2,997)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	16,018	16,018	0
0	0	0	0	0	0
330,000	330,000	0	0	0	0
467,780	467,780	0	0	0	0
<u>805,825</u>	<u>808,822</u>	<u>(2,997)</u>	<u>64,917</u>	<u>59,999</u>	<u>4,918</u>
<u>2,215</u>	<u>4,317</u>	<u>2,102</u>	<u>(54,305)</u>	<u>(53,999)</u>	<u>306</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,215	4,317	2,102	(54,305)	(53,999)	306
307,043	307,043	0	59,460	59,460	0
0	0	0	14,162	14,162	0
<u>\$309,258</u>	<u>\$311,360</u>	<u>\$2,102</u>	<u>\$19,317</u>	<u>\$19,623</u>	<u>\$306</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
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Continued)

	TOTAL (MEMORANDUM ONLY)		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>			
Property Taxes	\$3,742,970	\$3,742,998	\$28
Income Tax	1,512,239	1,512,239	0
Intergovernmental	5,006,094	4,988,461	(17,633)
Interest	10,601	10,601	0
Tuition and Fees	110,252	69,569	(40,683)
Rent	4,000	4,000	0
Extracurricular Activities	110,496	126,115	15,619
Gifts and Donations	20,989	20,989	0
Miscellaneous	31,983	31,983	0
Total Revenues	<u>10,549,624</u>	<u>10,506,955</u>	<u>(42,669)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,319,013	4,303,362	15,651
Special	968,464	895,590	72,874
Vocational	118,612	118,612	0
Other	84,763	84,763	0
Support Services:			
Pupils	241,236	241,236	0
Instructional Staff	295,968	291,788	4,180
Board of Education	6,075	6,075	0
Administration	824,778	824,778	0
Fiscal	392,391	395,388	(2,997)
Business	42,401	42,401	0
Operation and Maintenance of Plant	970,130	941,641	28,489
Pupil Transportation	1,010,151	1,010,151	0
Central	213,817	204,591	9,226
Extracurricular	276,101	359,872	(83,771)
Debt Service:			
Principal Retirement	330,000	330,000	0
Interest and Fiscal Charges	467,780	467,780	0
Total Expenditures	<u>10,561,680</u>	<u>10,518,028</u>	<u>43,652</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(12,056)</u>	<u>(11,073)</u>	<u>983</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	8,998	8,998	0
Advances In	5,000	5,000	0
Advances Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>8,998</u>	<u>8,998</u>	<u>0</u>
Excess of Revenues and Other			
Financing Sources Over (Under)			
Expenditures and Other Financing Uses	(3,058)	(2,075)	983
Fund Balances at Beginning of Year	1,288,661	1,288,661	0
Prior Year Encumbrances Appropriated	122,202	122,202	0
Fund Balances at End of Year	<u>\$1,407,805</u>	<u>\$1,408,788</u>	<u>\$983</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
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>ENTERPRISE</u>
<u>Operating Revenues:</u>	
Sales	<u>\$282,606</u>
<u>Operating Expenses:</u>	
Salaries	136,990
Fringe Benefits	43,194
Purchased Services	18,392
Materials and Supplies	9,372
Cost of Sales	171,264
Depreciation	27,122
Other	<u>646</u>
Total Operating Expenses	<u>406,980</u>
Operating Loss	<u>(124,374)</u>
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	48,204
Federal and State Subsidies	<u>56,738</u>
Total Non-Operating Revenues	<u>104,942</u>
Net Loss	(19,432)
Retained Earnings at Beginning of Year (Restated Note 3)	<u>29,571</u>
Retained Earnings at End of Year	10,139
Contributed Capital at Beginning and End of Year	<u>278,033</u>
Total Fund Equity at End of Year	<u><u>\$288,172</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, 2003

	ENTERPRISE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>			
Sales	\$286,378	\$282,606	(\$3,772)
Federal and State Subsidies	56,302	56,302	0
Total Revenues	342,680	338,908	(3,772)
<u>Expenses:</u>			
Salaries	96,962	134,653	(37,691)
Fringe Benefits	32,981	32,981	0
Purchased Services	18,392	18,392	0
Materials and Supplies	97,756	144,234	(46,478)
Capital Outlay	4,228	4,228	0
Other	646	646	0
Total Expenses	250,965	335,134	(84,169)
Excess of Revenues Over Expenses	91,715	3,774	(87,941)
Fund Equity at Beginning of Year	85,737	85,737	0
Prior Year Encumbrances Appropriated	1,440	1,440	0
Fund Equity at End of Year	\$178,892	\$90,951	(\$87,941)

See accompanying notes to the general purpose financial statements

NORTHRIDGE LOCAL SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 JUNE 30, 2003

	<u>ENTERPRISE</u>
Increase (Decrease) in <u>Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$282,606
Cash Payments to Employees for Services and Benefits	(167,634)
Cash Payments to Suppliers for Goods and Services	(161,426)
Other Operating Expenses	(646)
Net Cash Used for Operating Activities	(47,100)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(4,228)
<u>Cash Flows from Noncapital Financing Activities</u>	
Operating Grants Received	56,302
Net Increase in Cash and Cash Equivalents	4,974
Cash and Cash Equivalents Beginning of Year	87,177
Cash and Cash Equivalents End of Year	\$92,151
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$124,374)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Depreciation	27,122
Donated Commodities Received During the Year	48,204
<u>Changes in Assets and Liabilities:</u>	
Decrease in Accounts Receivable	1
Increase in Materials and Supplies Inventory	(127)
Increase in Inventory Held for Resale	(10,362)
Increase in Prepaid Items	(635)
Decrease in Accounts Payable	(113)
Increase in Accrued Wages and Benefits	2,124
Increase in Compensated Absences Payable	1,051
Increase in Intergovernmental Payable	10,009
Net Cash Used for Operating Activities	(\$47,100)

Non-Cash Transaction

During fiscal year 2003, the food service enterprise fund received \$48,204 in donated commodities.

See accompanying notes to the general purpose financial statements

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Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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 Burlington Township and the Villages of Alexandria and Croton. The School District is staffed by 45 classified employees, 96 certificated full-time teaching personnel, and 7 administrative employees who provide services to 1,291 students and other community members. The School District currently operates five instructional buildings, one administrative building, and one garage.

Reporting Entity

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

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

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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.

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).

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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

Enterprise Funds 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 only fiduciary funds are agency 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.

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.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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, income 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.

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 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.

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.

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

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 by fund cannot exceed estimated resources, as certified.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The School District treasurer has the authority to allocate budgetary modifications at the function and object level.

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.

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 amended certificate that was in effect at the time final appropriations were passed by the Board of Education.

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. 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 total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

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.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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.

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 "cash and cash equivalents" on the balance sheet.

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 2003 amounted to \$9,160, which includes \$2,988 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments. During the fiscal year, the School District had no investments that met this criteria.

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 21 for additional information regarding set-asides.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, 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.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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.

H. Receivables and Payables

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

I. 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 a thousand dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not 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 of fifteen years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

J. Interfund Assets/Liabilities

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

K. Compensated Absences

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

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

L. 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.

M. 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.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

N. 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 is money set aside to protect against cyclical changes in revenues and expenditures.

O. Contributed Capital

Contributed capital is recorded in proprietary funds that have received contributions from other funds, other governments, and private sources prior to fiscal year 2001. After fiscal year 2000, capital contributions received from other governments and private sources are recorded as revenues and are reported as retained earnings. Capital contributions from other funds are still recorded as contributed capital.

P. Estimates

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

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 – Restatement of Prior Year Balances

In fiscal year 2002, the School District improperly posted a prepaid in the general fund and the food service enterprise fund for the District's overpayment to the School Employees Retirement System. The School District also had their fixed assets reappraised and increased their capitalization threshold from \$500 to \$1,000. This misposting and change in fixed assets resulted in the following changes in the excess of revenues and other financing sources over (under) expenditures and net income as previously reported for the year ended June 30, 2002.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

	General Fund	Enterprise
Excess as previously reported/ Net Income	\$741,760	\$19,636
Misposting of prepaid September through December SERS	(38,338) 0	(2,202) 2,504
Restated amount for the year ended June 30, 2002	\$703,422	\$19,938

The misposting and change in fixed assets had the following effect on fund balance/ retained earnings as it was previously reported as of June 30, 2002.

	General Fund	Enterprise
Balances as previously reported	\$904,337	\$14,062
Misposting of prepaid September through December SERS	(38,338) 0	(2,202) 2,504
Fixed Asset Adjustment Net of Accumulated Depreciation	0	15,207
Restated Balances as of July 1, 2002	\$865,999	\$29,571

The general long-term obligations account group total liabilities increased from \$9,113,695 to \$9,144,907 as of June 30, 2002, due to the understatement of the intergovernmental payable and an overstatement of the early retirement incentive payable.

The general fixed assets account group decreased from \$21,032,762 to \$17,119,711 as of June 30, 2002, due to the District having their fixed assets reappraised and increasing their capitalization threshold from \$500 to \$1,000.

Note 4 – Statutory Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the year ended June 30, 2003:

	Resources	Appropriations	Excess
Special Revenue Funds:			
Jennings Foundation Grant	\$2,380	\$4,060	(\$1,680)
Ohio Reads	39,080	48,080	(9,000)
Miscellaneous State Grants	1,669	6,319	(4,650)

The following funds had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code:

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

	<u>Excess</u>
<u>General Fund</u>	\$3,686
<u>Special Revenue Funds:</u>	
School Support	41,245
District Managed Activities	42,526
Drug Free Grants	2,360
Class Size Reduction	4,562
Miscellaneous Federal Grants	1,600
<u>Debt Service Fund:</u>	
Bond Retirement	2,997
<u>Capital Projects Funds:</u>	
Telecommunity Program	4,535
<u>Enterprise Funds:</u>	
Food Service	75,382
School Store	8,787

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

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances/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:

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).

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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
All Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$76,555	\$40,647	\$2,868	(\$48,543)
Revenue Accruals	62	(44,887)	1,449	0
Expenditure Accruals	95,747	15,682	0	0
Beginning:				
Unreported Cash	0	0	0	0
Prepaid Items	63,969	0	0	0
Ending:				
Unreported Cash	(50)	0	0	0
Prepaid Items	(80,696)	5,606	0	0
Advances In	0	5,000	0	0
Advances Out	(5,000)	0	0	0
Encumbrances	(105,145)	(19,883)	0	(5,456)
Budget Basis	<u>\$45,442</u>	<u>\$2,165</u>	<u>\$4,317</u>	<u>(\$53,999)</u>

Net Income Excess of Revenues Over Expenses
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	(\$19,432)
Revenue Accruals	(435)
Expense Accruals	11,573
Materials and Supplies Inventory	(127)
Beginning:	
Prepaid Items	1,498
Ending:	
Prepaid Items	(635)
Inventory Held for Resale	(10,362)
Capital Outlay	(4,228)
Depreciation Expense	27,122
Encumbrances	(1,200)
Budget Basis	<u>\$3,774</u>

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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."

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$1,678,446 and the bank balance was \$1,988,509. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$1,888,509 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 did not have any investments during fiscal year 2003.

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. Real property tax revenue received in calendar 2003 represents collections of calendar 2002 taxes. Real property taxes received in calendar 2003 were levied after April, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however, the School District did not receive payment from the Licking County Auditor until July 2003.

The School District receives property taxes from Licking, Knox, and Delaware Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2004 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, real property, personal property, public utility, and the late June personal property settlement which became measurable as of June 30, 2003 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 and is reported as revenue at fiscal year end. The amount available as an advance at June 30, 2003, was \$292,710 \$239,229 was available to the general fund, \$5,196 was available to the classroom facilities maintenance special revenue fund, and \$48,285 was available to the bond retirement debt service fund. Also intended to finance current fiscal year operations is the June 30 personal property tax settlement that was received July, 2003 in the amount of \$15,485 in the general fund, \$238 in the classroom facilities maintenance special revenue fund, and \$1,985 in the bond retirement debt service fund. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
	Agricultura/ Residential And Other Real Estate	\$139,292,430	92.34%	\$160,603,660
Public Utility Personal	9,633,890	6.39%	10,973,184	6.31%
Tangible Personal Property	1,917,940	1.27%	2,191,241	1.27%
	\$150,844,260	100.00%	\$173,768,085	100.00%
Tax rate per \$1,000 of assessed valuation	\$39.80		\$39.28	

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, 2001 and remains effective for five 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, 2003 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.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund:	
Tuition from Other Districts	\$16,051
Refunds and Reimbursements	10,000
Total General Fund	26,051
Special Revenue Funds:	
Title VI-B	\$31,647
Chapter I	14,524
Chapter II	1,897
Total Special Revenue Funds	48,068
Capital Projects Fund	
Telecommunity	14,000
Enterprise Fund:	
Food Service State Subsidies	8,549
Total Intergovernmental Receivables	\$96,668

Note 10 - Fixed Assets

A summary of the Proprietary Funds' fixed assets at June 30, 2003, follows:

	Enterprise Fund
Furniture and Equipment	\$406,837
Less: Accumulated Depreciation	(191,101)
Net Fixed Assets	\$215,736

A summary of the changes in general fixed assets during fiscal year 2003 follows:

	Restated Balance 6/30/2002	Additions	Deletions	Balance 6/30/2003
Land and Improvements	\$613,266	\$9,704	\$0	\$622,970
Buildings	14,054,290	47,458	0	14,101,748
Furniture and Equipment	2,128,854	44,315	0	2,173,169
Vehicles	323,301	0	0	323,301
Total	\$17,119,711	\$101,477	\$0	\$17,221,188

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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 2003, the School District contracted with Indiana Insurance for all insurance except automobile insurance which was contracted through State Farm Insurance. The types and amounts of coverage provided follows:

Building and Contents - Replacement Cost (\$5,000 deductible)	\$33,676,630
School Equipment (\$5,000 deductible)	1,180,396
Boiler and Machinery (\$5,000 deductible)	33,676,630
Extra Expense / Business Income (\$5,000 deductible)	1,233,000
Automobile Liability Bodily Injury	
Per Occurrence (\$100 deductible comprehensive and \$250)	250,000
Aggregate Per Year (\$100 deductible comprehensive and \$250)	500,000
Uninsured Motor Vehicle Bodily Injury	
Per Occurrence	250,000
Aggregate Per Year	500,000
General Liability	
Per Occurrence	1,000,000
Aggregate Per Year	2,000,000

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

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. 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.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

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 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, 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, 2003, 2002, and 2001 were \$59,229, \$47,134 and \$47,520 respectively; 52 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$28,511 representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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

For the fiscal year ended June 30, 2003, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$527,087, \$350,438, and \$373,205 respectively; 76 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$11,264 made by the School District and \$12,642 made by the plan members.

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, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$41,412 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 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, 2003

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, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. 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 2003, the minimum pay has been established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$63,963.

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, 2002, (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 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 \$542.89 for family coverage and \$243.51 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 \$56.44 for family and \$19.47 for single employees. The School District provides vision insurance through Vision Plus. The School District pays \$7.98 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, 2003

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 with thirty years of service. Eligible employees must have made application during the "open window" period of March 1, 2000 through June 30, 2001. In fiscal year 2002, the School District renewed the Early Retirement Incentive for calendar year beginning January 1, 2002 and ending December 31, 2002. Each fiscal year, 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 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2003 were as follows:

	Restated Principal Outstanding <u>6/30/2002</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/2003</u>
Energy Conservation Note	\$510,000	\$0	\$70,000	\$440,000
Classroom Facility Improvement Bonds	7,965,000	0	260,000	7,705,000
Pension Obligation	47,203	41,300	47,203	41,300
Compensated Absences	491,145	168,121	78,955	580,311
Early Retirement Incentive	<u>131,559</u>	<u>29,545</u>	<u>96,124</u>	<u>64,980</u>
Total General Long-Term Obligations	<u>\$9,144,907</u>	<u>\$238,966</u>	<u>\$552,282</u>	<u>\$8,831,591</u>

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 Ohio School Facilities Commission. 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.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

The School District's overall legal debt margin was \$8,285,771, with an unvoted debt margin of \$173,768 at June 30, 2003. Principal and interest requirements to retire energy conservation notes and school facilities bonds outstanding at June 30, 2003, are as follows:

<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$355,000	\$445,711	\$800,711
2005	390,000	422,484	812,484
2006	415,000	400,269	815,269
2007	445,000	378,304	823,304
2008	475,000	354,251	829,251
2009-2013	2,245,000	1,421,514	3,666,514
2014-2018	3,080,000	677,359	3,757,359
2019-2023	<u>740,000</u>	<u>21,275</u>	<u>761,275</u>
Total	<u>\$8,145,000</u>	<u>\$4,121,167</u>	<u>\$12,266,167</u>

Note 16 - Interfund Transactions

Interfund balances at June 30, 2003, consist of the following individual interfund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$14,987</u>	<u>\$0</u>
Special Revenue Fund:		
District Managed Activities	<u>0</u>	<u>5,000</u>
Debt Service Fund:		
Bond Retirement	<u>0</u>	<u>9,987</u>
Total All Funds	<u>\$14,987</u>	<u>\$14,987</u>

Note 17 - 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, 2003.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

	Food Service	School Store	Total Enterprise Funds
Operating Revenues	269,413	13,192	282,605
Depreciation	27,122	0	27,122
Operating Income (Loss)	(127,822)	3,448	(124,374)
Donated Commodities	48,204	0	48,204
Operating Grants	56,738	0	56,738
Net Income (Loss)	(22,880)	3,448	(19,432)
Net Working Capital	71,762	10,141	81,903
Total Assets	327,892	10,141	338,033
Long-Term Compensated Absences Payable	9,467	0	9,467
Total Equity	278,031	10,141	288,172
Encumbrances, June 30, 2003	1,200	0	1,200

Note 18 - Jointly Governed Organizations

A. Licking Area Computer Association

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

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The School District's payments to LACA for computer services for fiscal year 2003 were \$86,275. 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 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 2003 was \$523.23. 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, 2003

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. Nothing was paid to COSERRC during fiscal year 2003. Further information may be obtained by contacting the Central Ohio Special Education Regional Resource Center at 470 Glenmont Avenue, Columbus, Ohio 43214.

D. School Study Council of Ohio

The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board) that is comprised of numerous Ohio school districts. The purpose of the Council is to bring about the improvement of education in member school organizations. School districts can have active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and voting privileges. School districts may elect to be associate members which entitles them to attend meetings and participate in Council discussions but are not entitled to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2003, the Board consisted of fourteen members. In fiscal year 2003, Northridge Local School District obtained active membership privileges and paid a membership fee of \$338.

Note 19 - Related Organization

Alexandria Public Library

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

Note 20 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 21 - Set-Aside Calculations

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

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.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2002	(\$189,583)	(\$30,838)	\$58,147
Current year set-aside requirement	190,777	190,777	0
Current year offsets	0	(79,763)	0
Qualifying Disbursements	<u>(414,764)</u>	<u>(266,617)</u>	<u>0</u>
Totals	<u>(\$413,570)</u>	<u>(\$186,441)</u>	<u>\$58,147</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$413,570)</u>	<u>(\$30,838)</u>	<u>\$58,147</u>
Set-aside Reserve Balance as of June 30, 2003	<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 22 - State School Funding

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

Northridge Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 23 - 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, 2003.

B. Litigation

The School District is currently not party to any litigation.

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Auditor of State Betty Montgomery

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

Board of Education
Northridge Local School District
Licking County
6097 Johnstown-Utica Road
Johnstown, Ohio 43031

We have audited the general-purpose financial statements of the Northridge Local School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 5, 2003. 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 the 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 number 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated December 5, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 5, 2003.

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www.auditor.state.oh.us

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

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

Betty Montgomery
Auditor of State

December 5, 2003

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2003**

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

Finding Number	2003-001
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Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states in part that no subdivision or taxing unit is to make any expenditure of money unless it has been appropriated as provided in such chapter. As of June 30, 2003, the District had expenditures plus outstanding encumbrances exceeding appropriations within the following funds:

Fund	Amount Appropriated	Amount of Expenditures	Variance
006 Food Service Fund	\$ 245,979	\$ 321,361	(\$ 75,382)
018 Public School Support	\$ 22,575	\$ 63,820	(\$ 41,245)
020 School Store	\$ 4,987	\$ 13,774	(\$ 8,787)
300 District Managed Activities	\$ 69,267	\$ 111,793	(\$ 42,526)
453 Telecommunity Program	\$ 14,348	\$ 18,883	(\$ 4,535)
584 Drug Free Schools	\$ 818	\$ 3,178	(\$ 2,360)
590 Class Size Reduction	\$ 6,522	\$ 11,084	(\$ 4,562)
599 Misc. Federal Grants	\$ 0	\$ 1,600	(\$ 1,600)

The Treasurer should periodically compare actual expenditures plus outstanding encumbrances to appropriations to ensure that expenditures do exceed appropriations and to avoid potential overspending.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS (Continued)
JUNE 30, 2003**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding Number	2003-002
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Ohio Rev. Code Section 5705.39 states in part that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditures as certified by the budget commission, or in case of appeal, by the board of tax appeals. As of June 30, 2003, the District had appropriations exceeding estimated resources available for expenditures in the following funds:

Fund	Estimated Revenue	Appropriations	Variance
Jennings Foundation Grant (019)	\$700	\$4,060	(\$3,360)
Ohio Reads Grant (459)	36,000	48,080	(\$12,080)
Misc State Grants (499)	0	6,319	(\$6,319)

The Treasurer should review the Amended Certificates of Estimated Resources and Supplemental Appropriation Measures to ensure that total appropriations from each fund do not exceed the total of the estimated resources available for expenditures.



**Auditor of State
Betty Montgomery**

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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
FEBRUARY 10, 2004**