

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

Single Audit

For the Fiscal Year Ended June 30, 2009





Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Northridge Local School District, Licking County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 21, 2010

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**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Northridge Local School District
6066 Johnston-Utica Road
Johnston, Ohio 43031

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northridge Local School District, Licking County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northridge Local School District, Licking County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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

A handwritten signature in cursive script that reads "Kennedy Cottrell Richards LLC".

Kennedy Cottrell Richards LLC
December 17, 2009

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of the Northridge Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2009 are as follows:

- Net assets of governmental activities decreased \$1,114,914.
- General revenues accounted for \$11,706,832 in revenue or 84 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$2,171,767, 16 percent of total revenues of \$13,878,599.
- Total assets of governmental activities decreased \$1,402,321. The majority of the decrease was due to a decrease in capital assets in the amount of \$1,919,880 and a decrease in income taxes receivable in the amount of \$81,835. These decreases were offset by an increase in cash and cash equivalents in the amount of \$456,311, an increase in property taxes receivable in the amount of \$130,122 and an increase in intergovernmental receivable in the amount of \$32,013.
- The School District had \$13,077,537 in expenses related to governmental activities; only \$2,171,767 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$11,706,832 were not adequate to provide for these programs.
- The School District has two major funds; the general fund and the debt service fund. The general fund had \$11,924,313 in revenues, \$11,686,074 in expenditures, and (\$38,458) in other financing uses. The general fund's balance increased \$199,781. The debt service fund had \$799,271 in revenues and \$778,195 in expenditures. The debt service fund's balance increased \$21,076.

Using this Annual Financial Report

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

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

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

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

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008.

Table 1 - Net Assets

	<u>Governmental Activities</u>		Change
	2009	2008	
Assets			
Current and Other Assets	\$7,521,159	\$7,003,600	\$517,559
Capital Assets	12,307,449	14,227,329	(1,919,880)
Total Assets	19,828,608	21,230,929	(1,402,321)
Liabilities			
Long-Term Liabilities	7,578,802	8,064,598	(485,796)
Other Liabilities	5,709,588	5,511,199	198,389
Total Liabilities	13,288,390	13,575,797	(287,407)
Net Assets			
Invested in Capital Assets, Net of Debt	5,863,651	7,295,973	(1,432,322)
Restricted	827,739	749,729	78,010
Unrestricted (Deficit)	(151,172)	(390,570)	239,398
Total Net Assets	\$6,540,218	\$7,655,132	(\$1,114,914)

Total assets decreased \$1,402,321. The majority of this decrease was due to a decrease in capital assets in the amount of \$1,919,880 and a decrease of \$81,835 in income taxes receivable. These decreases were offset by an increase in cash and cash equivalents in the amount of \$456,311, an increase in property taxes receivable in the amount of \$130,122 and an increase in intergovernmental receivable in the amount of \$32,013. The decrease in capital assets was due to current year depreciation, the impairment of assets related to Homer Elementary and the sale of Hartford Elementary (See Note 10). The decrease in income taxes receivable is a direct result of the loss of wages for individuals due to the current state and federal economic conditions. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely as a result of having a general deficit fund balance at the end of fiscal year 2007. The increase in property taxes receivable is due to the increase in assessed values of property within the School District. The increase in intergovernmental receivable is due to a greater amount of state grants not being received before fiscal year end 2009 compared to fiscal year 2008.

Total liabilities decreased \$287,407. Long-term liabilities decreased \$485,796 primarily due to the School District payment of \$400,000 on the Classroom Facilities Refunding General Improvement Serial Bond, \$55,000 on the School Energy Conservation Improvement General Obligation Bond, and principal payments in the amount of \$33,141 for the HVAC computer equipment and copiers capital leases. Intergovernmental payables increased \$53,070 due mainly to an increase in the amounts being recorded for the retirement system accruals from the state foundation. Deferred revenue increased \$154,518 due to the increase in receivable amounts as a result of the increase in assessed values that were certified by the County Auditor for property taxes.

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009 and comparisons to fiscal year 2008.

Table 2 - Changes in Net Assets

	Governmental Activities		
	2009	2008	Change
Revenues			
Program Revenues:			
Charges for Services	\$1,137,694	\$1,080,461	\$57,233
Operating Grants and Contributions	1,014,727	1,101,870	(87,143)
Capital Grants and Contributions	19,346	18,202	1,144
	<u>2,171,767</u>	<u>2,200,533</u>	<u>(28,766)</u>
General Revenue:			
Property Taxes	4,761,729	4,701,904	59,825
Income Taxes	1,954,133	1,927,526	26,607
Grants and Entitlements	4,942,295	4,890,466	51,829
Investment Earnings	38,287	68,302	(30,015)
Miscellaneous	10,388	6,884	3,504
	<u>11,706,832</u>	<u>11,595,082</u>	<u>111,750</u>
Total Revenues	<u>13,878,599</u>	<u>13,795,615</u>	<u>82,984</u>
Program Expenses			
Instruction			
Regular	5,500,840	5,530,375	(29,535)
Special	1,050,698	1,060,923	(10,225)
Vocational	162,842	146,782	16,060
Student Intervention Services	106,521	0	106,521
Support Services			
Pupil	702,324	476,698	225,626
Instructional Staff	387,095	545,613	(158,518)
Board of Education	70,794	84,871	(14,077)
Administration	978,932	1,097,397	(118,465)
Fiscal	377,609	294,649	82,960
Operation and Maintenance of Plant	980,916	1,182,201	(201,285)
Pupil Transportation	1,527,286	1,453,757	73,529
Central	134,430	118,154	16,276
Operation of Non-Instructional Services:			
Food Service Operations	447,858	471,851	(23,993)
Community Services	6,562	1,436	5,126
Extracurricular Activities	301,060	300,792	268
Interest and Fiscal Charges	341,770	345,520	(3,750)
Total Program Expenses	<u>13,077,537</u>	<u>13,111,019</u>	<u>(33,482)</u>
Special Items	<u>(1,915,976)</u>	<u>0</u>	<u>(1,915,976)</u>
<i>Change in Net Assets</i>	<u>(1,114,914)</u>	<u>684,596</u>	<u>(1,799,510)</u>
Net Assets Beginning of Year	<u>7,655,132</u>	<u>6,970,536</u>	<u>684,596</u>
Net Assets End of Year	<u><u>\$6,540,218</u></u>	<u><u>\$7,655,132</u></u>	<u><u>(\$1,114,914)</u></u>

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Net assets decreased by \$1,114,914 in fiscal year 2009. Revenues reflect an increase of \$82,984 due in part to an increase in charges for services in the amount of \$57,233 due to an increase of tuition from other school districts. In addition, property taxes increased in the amount of \$59,825 and grants and entitlements increased in the amount of \$51,729. The increases were offset by a decrease in operating grants and contributions in the amount of \$87,143. Program expenses decreased \$33,482 due mainly to a \$93,954 decrease in total support services, a decrease of \$22,349 in total non-instructional services, both of which were offset by an increase in the amount of \$82,821 in total instruction. During fiscal year 2009, the School District reported special items in the amount of \$1,915,976. The School District closed two buildings, Homer Elementary and Hartford Elementary, at the beginning of fiscal year 2009. Hartford Elementary was closed due to sewage issues and recommendations from the Ohio School Facilities Commission and was sold to the Village of Hartford for \$5,747 on April 20, 2009. The loss on the sale of Hartford Elementary was reflected as a special item in the amount of \$822,319. Homer Elementary was closed due to recommendations from the Environmental Protection Agency due to sewage issues and recommendations from the Ohio School Facilities Commission. Homer Elementary building was considered impaired under the guidelines set forth in GASB Statement No. 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries". Due to the impairment of Homer Elementary, the carrying value of this asset as of June 30, 2009 was \$6,030 and the impairment of \$677,437 is shown as a special item. Finally, the School District entered into an operating lease for modular buildings (see Note 24) in which there were set up costs incurred for the buildings in the amount of \$416,220 that are also included as a special item. For more information see Note 10, Capital Assets.

Instruction comprises approximately 52 percent of governmental program expenses and support services make up approximately 39 percent of the program expenses of the School District.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3 - Governmental Activities

	2009 Total Cost of Services	2009 Net Cost of Services	2008 Total Cost of Services	2008 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$5,500,840	\$4,888,482	\$5,530,375	\$4,942,642
Special	1,050,698	430,020	1,060,923	411,086
Vocational	162,842	133,736	146,782	116,712
Student Intervention Services	106,521	106,521	0	0

(continued)

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

	2009 Total Cost of Services	2009 Net Cost of Services	2008 Total Cost of Services	2008 Net Cost of Services
Program Expenses (continued)				
Support Services:				
Pupil	702,324	625,863	476,698	460,560
Instructional Staff	387,095	347,679	545,613	471,731
Board of Education	70,794	70,794	84,871	84,871
Administration	978,932	964,458	1,097,397	1,081,778
Fiscal	377,609	284,669	294,649	208,787
Operation and Maintenance				
of Plant	980,916	956,933	1,182,201	1,159,143
Pupil Transportation	1,527,286	1,507,940	1,453,757	1,363,585
Central	134,430	113,996	118,154	95,916
Operation of				
Non-Instructional Services:				
Food Service Operations	447,858	35,673	471,851	44,180
Community Services	6,562	567	1,436	(84)
Extracurricular Activities	301,060	96,669	300,792	124,059
Interest and Fiscal Charges	341,770	341,770	345,520	345,520
Totals	<u>\$13,077,537</u>	<u>\$10,905,770</u>	<u>\$13,111,019</u>	<u>\$10,910,486</u>

Table 3 clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2009, only 17 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants and contributions. The remaining 83 percent is provided through taxes and entitlements.

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$13,782,801, expenditures of \$13,570,761, and other financing sources (uses) of \$19,812.

The School District is closely monitoring the general fund cash basis balance, as well as the individual fund cash basis balances. The Superintendent and Treasurer have continued to follow the self-imposed budget cuts that had been implemented during fiscal year 2007 as well as the budget cuts listed in the Corrective Action Plan that was submitted to the Ohio Department of Education after the School District was placed in Fiscal Caution. These budget cuts, both self-imposed and submitted in the plan, include the following: reduced staff, beginning all building classes at the same time to run single bus routes; the implementation of the termination benefit plan; curtailment of professional development expenditures; elimination of summer school transportation; and an increase in the cost charged to students participating in extracurricular activities (Pay-to-play).

Other Governmental Major Funds

Debt Service Fund

The fund balance of the Debt Service Fund at June 30, 2009 is \$560,265, an increase of \$21,076 from the prior year primarily due to the decreased amounts expended for the principal and interest debt payments.

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

General Fund Budgeting Highlights

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

During the course of fiscal 2009, the School District amended its General Fund budget. The School District closely monitors its resources and uses and if necessary, modifies appropriations on a timely basis.

The General Fund had original revenue budget estimates of \$10,609,880. The original budget estimates were increased to a final budget amount of \$12,896,322 for the fiscal year. Actual revenues were \$9,917 below final budgeted estimates.

The School District's original budget balance for the general fund was (\$1,302,879) due to the Schools District's budgeted expenditures and encumbrances exceeding budgeted revenue.

The School District's ending general fund budgetary balance was \$549,885, 343,410 above the final budgeted amount due to actual expenditures being less than appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009 the School District had \$12,307,449 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2009 balances compared to 2008.

Table 4 - Capital Assets at June 30, 2009
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$224,090	\$242,190
Land Improvements	428,803	530,832
Buildings and Improvements	9,953,703	11,495,075
Furniture and Equipment	1,691,608	1,936,938
Vehicles	9,245	11,471
Construction in Progress	<u>0</u>	<u>10,823</u>
Totals	<u><u>\$12,307,449</u></u>	<u><u>\$14,227,329</u></u>

See Note 10 for more detailed information of the School District's capital assets.

Debt

At June 30, 2009, the School District had \$6,555,225 in classroom facility improvement refunding bonds, school energy conservation improvement bonds, and capital leases outstanding.

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities 2009	Governmental Activities 2008
Classroom Facility Improvement Refunding Bonds	\$5,505,000	\$5,905,000
Bond Premium	256,797	283,828
Deferred Amount on Refunding	(166,469)	(183,991)
School Energy Conservation Improvement Bonds	830,000	885,000
Bond Premium	14,203	15,556
Capital Leases	115,694	148,835
Totals	\$6,555,225	\$7,054,228

See Note 15 for more detailed information of the School District's debt.

On July 9, 2008, the School District issued current revenue anticipation notes in the amount of \$783,870 that mature no later than June 30, 2009, and bear interest, payable at maturity. These notes were issued for the purpose of avoiding cash flow deficits and maintaining adequate funds on hand during the 2009 fiscal year. The School District pledged future tax revenues as repayment for these revenue anticipation notes. On April 30, 2009, the School District repaid these notes.

Economic Factors

As the preceding information shows, the School District relies heavily on its property tax payers, income tax payers, and state subsidies. The School District is currently monitoring both the cash balances and each individual fund balances, as well as trying to be conservative in the area of expenditures; however, projections are hard to make when the instability of state subsidies (HB 66) exist as they do today. The School District will continue to be conservative in the area of expenditures. The School District completed and implemented a Corrective Action Plan which was approved by the Ohio Department of Education due to the School District being declared in fiscal caution during fiscal year 2009. The School District continues to utilize a Board Finance Committee created during fiscal year 2009. Based on these factors, the Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the opportunities our students have come accustomed to. In addition, a 9.9 mill Emergency Operating Levy was passed by the voters of the School District in May 2009 election that is expected to generate \$2.1 million annually over the next five years with collection to begin in January 2010. The amounts that were certified by the County Auditors do not include these new levy amounts since the Counties will not certify them until they begin collection, thus these amounts are not included in taxes receivable.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Felicia Drummey, Treasurer at Northridge Local School District, 6097 Johnstown-Utica Road, Johnstown, Ohio 43031. You may also E-mail the treasurer at fdrummey@laca.org.

Northridge Local School District, Ohio

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$1,513,081
Cash and Cash Equivalents in Segregated Accounts	2,500
Materials and Supplies Inventory	8,234
Inventory Held for Resale	8,046
Intergovernmental Receivable	106,551
Accrued Interest Receivable	2,809
Income Taxes Receivable	799,401
Prepaid Items	25,050
Accounts Receivable	16,758
Property Taxes Receivable	4,941,505
Deferred Charges	97,224
Nondepreciable Capital Assets	224,090
Depreciable Capital Assets, Net	<u>12,083,359</u>
<i>Total Assets</i>	<u>19,828,608</u>
Liabilities	
Accounts Payable	62,932
Accrued Wages and Benefits Payable	826,282
Matured Compensated Absences Payable	19,276
Accrued Interest Payable	23,961
Intergovernmental Payable	304,889
Deferred Revenue	4,472,248
Long-Term Liabilities:	
Due Within One Year	691,990
Due In More Than One Year	<u>6,886,812</u>
<i>Total Liabilities</i>	<u>13,288,390</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	5,863,651
Restricted for:	
Debt Service	552,099
Capital Projects	3,620
School Store	11,268
Classroom Facilities Maintenance	176,556
District Managed Activities	55,789
Title I	9,216
Class Size Reduction	5,756
Other Purposes	13,435
Unrestricted (Deficit)	<u>(151,172)</u>
<i>Total Net Assets</i>	<u><u>\$6,540,218</u></u>

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$5,500,840	\$603,751	\$8,607	\$0	(\$4,888,482)
Special	1,050,698	0	620,678	0	(430,020)
Vocational	162,842	0	29,106	0	(133,736)
Student Intervention Services	106,521	0	0	0	(106,521)
Support Services:					
Pupil	702,324	0	76,461	0	(625,863)
Instructional Staff	387,095	0	39,416	0	(347,679)
Board of Education	70,794	0	0	0	(70,794)
Administration	978,932	0	14,474	0	(964,458)
Fiscal	377,609	0	92,940	0	(284,669)
Operation and Maintenance					
of Plant	980,916	14,000	9,983	0	(956,933)
Pupil Transportation	1,527,286	0	0	19,346	(1,507,940)
Central	134,430	0	20,434	0	(113,996)
Operation of Non-Instructional Services:					
Food Service Operations	447,858	309,557	102,628	0	(35,673)
Community Services	6,562	5,995	0	0	(567)
Extracurricular Activities	301,060	204,391	0	0	(96,669)
Interest and Fiscal Charges	341,770	0	0	0	(341,770)
Totals	\$13,077,537	\$1,137,694	\$1,014,727	\$19,346	(\$10,905,770)
General Revenues					
Property Taxes Levied for:					
General Purposes					3,967,764
Debt Service					715,813
Classroom Facilities Maintenance					78,152
Income Taxes Levied for General Purposes					1,954,133
Grants and Entitlements not Restricted					
to Specific Programs					4,942,295
Investment Earnings					38,287
Miscellaneous					10,388
<i>Total General Revenues</i>					<u>11,706,832</u>
Special Items					<u>(1,915,976)</u>
<i>Change in Net Assets</i>					<u>(1,114,914)</u>
<i>Net Assets Beginning of Year</i>					<u>7,655,132</u>
<i>Net Assets End of Year</i>					<u><u>\$6,540,218</u></u>

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$574,587	\$529,990	\$408,504	\$1,513,081
Cash and Cash Equivalents in Segregated Accounts	0	0	2,500	2,500
Materials and Supplies Inventory	7,605	0	629	8,234
Inventory Held for Resale	0	0	8,046	8,046
Intergovernmental Receivable	6,193	0	100,358	106,551
Accrued Interest Receivable	2,809	0	0	2,809
Income Taxes Receivable	799,401	0	0	799,401
Prepaid Items	25,050	0	0	25,050
Accounts Receivable	16,262	0	496	16,758
Interfund Receivable	66,554	0	9,528	76,082
Property Taxes Receivable	4,224,648	640,363	76,494	4,941,505
Total Assets	\$5,723,109	\$1,170,353	\$606,555	\$7,500,017
Liabilities				
Accounts Payable	\$60,603	\$0	\$2,329	\$62,932
Accrued Wages and Benefits Payable	770,828	0	55,454	826,282
Matured Compensated Absences Payable	19,276	0	0	19,276
Interfund Payable	9,528	0	66,554	76,082
Intergovernmental Payable	281,723	0	23,166	304,889
Deferred Revenue	4,171,841	610,088	172,727	4,954,656
Total Liabilities	5,313,799	610,088	320,230	6,244,117
Fund Balances				
Reserved for Encumbrances	16,351	0	2,967	19,318
Reserved for Property Taxes	198,029	30,208	3,826	232,063
Unreserved:				
Undesignated, Reported in:				
General Fund	194,930	0	0	194,930
Special Revenue Funds	0	0	275,912	275,912
Debt Service Fund	0	530,057	0	530,057
Capital Projects Funds	0	0	3,620	3,620
Total Fund Balances	409,310	560,265	286,325	1,255,900
Total Liabilities and Fund Balances	\$5,723,109	\$1,170,353	\$606,555	\$7,500,017

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2009*

Total Governmental Fund Balances	\$1,255,900
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,307,449
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Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:

Property Taxes Receivable	236,409	
Income Taxes Receivable	129,935	
Intergovernmental Receivable	101,653	
Student Fees	14,411	482,408

Unamortized issuance costs are reported as deferred charges on the Statement of Net Assets but as an expenditure on the fund financial statements which do not provide current financial resources and, therefore, are not reported in the funds.	97,224
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Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:

Bonds Payable	(6,335,000)	
Bond Premium	(271,000)	
Deferred Amount on Refunding	166,469	
Accrued Interest Payable	(23,961)	
Capital Leases Payable	(115,694)	
Compensated Absences	(783,178)	
Retirement Incentive Payable	(240,399)	(7,602,763)

Net Assets of Governmental Activities	\$6,540,218
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See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,906,058	\$709,641	\$77,218	\$4,692,917
Income Taxes	1,966,675	0	0	1,966,675
Intergovernmental	5,324,739	89,630	526,614	5,940,983
Investment Earnings	38,287	0	1,612	39,899
Tuition and Fees	599,616	0	0	599,616
Extracurricular Activities	66,133	0	144,216	210,349
Rentals	14,000	0	0	14,000
Charges for Services	0	0	309,557	309,557
Miscellaneous	8,805	0	0	8,805
Total Revenues	11,924,313	799,271	1,059,217	13,782,801
Expenditures				
Current:				
Instruction:				
Regular	5,309,088	0	15,175	5,324,263
Special	802,071	0	198,571	1,000,642
Vocational	146,108	0	0	146,108
Student Intervention Services	106,521	0	0	106,521
Support Services:				
Pupils	460,906	0	235,765	696,671
Instructional Staff	316,539	0	53,331	369,870
Board of Education	70,794	0	0	70,794
Administration	920,785	0	4,595	925,380
Fiscal	353,624	10,613	1,330	365,567
Operation and Maintenance of Plant	957,410	0	4,885	962,295
Pupil Transportation	1,526,391	0	0	1,526,391
Central	62,401	0	72,029	134,430
Operation of Non-Instructional Services:				
Food Service Operations	0	0	391,662	391,662
Community Services	0	0	6,562	6,562
Extracurricular Activities	154,236	0	118,883	273,119
Capital Outlay	438,193	0	0	438,193
Debt Service:				
Principal Retirement	29,483	455,000	3,658	488,141
Interest and Fiscal Charges	31,524	312,582	46	344,152
Total Expenditures	11,686,074	778,195	1,106,492	13,570,761
Excess of Revenues Over Expenditures	238,239	21,076	(47,275)	212,040
Other Financing Sources (Uses)				
Transfers In	0	0	58,270	58,270
Proceeds from Sale of Capital Assets	19,812	0	0	19,812
Transfers Out	(58,270)	0	0	(58,270)
Total Other Financing Sources (Uses)	(38,458)	0	58,270	19,812
Net Change in Fund Balances	199,781	21,076	10,995	231,852
Fund Balances Beginning of Year	209,529	539,189	275,330	1,024,048
Fund Balances End of Year	\$409,310	\$560,265	\$286,325	\$1,255,900

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds		\$231,852
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		
Capital Asset Additions	34,818	
Depreciation Expense	(366,494)	
Depreciation Expense - Impaired Asset	(677,437)	(1,009,113)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
Loss on Disposal of Capital Assets - Auction	(68,636)	
Loss on Disposal of Capital Assets - Special Item	(822,319)	
Proceeds from the Sale of Capital Assets	(19,812)	(910,767)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	33,773	
Student Fees	4,135	
Extracurricular Activities	37	
Miscellaneous	1,583	
Income Taxes	(12,542)	
Delinquent Taxes	68,812	95,798
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		488,141
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		1,612
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences Payable	(22,880)	
Termination Benefits Payable	9,673	(13,207)
The amortization of premiums and issuance costs are reported on the statement of activities:		
Premium Amortization	28,384	
Issuance Costs Amortization	(10,092)	18,292
The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities.		
		(17,522)
<i>Change in Net Assets of Governmental Activities</i>		<u><u>(\$1,114,914)</u></u>

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$3,493,554	\$3,988,842	\$3,975,993	(\$12,849)
Income Tax	1,788,927	2,035,968	2,035,968	0
Intergovernmental	4,684,574	5,332,313	5,331,487	(826)
Investment Earnings	37,782	42,458	42,869	411
Tuition and Fees	527,328	600,003	600,003	0
Extracurricular Activities	58,109	66,133	66,133	0
Rentals	12,521	14,250	14,250	0
Miscellaneous	7,085	8,533	8,533	0
<i>Total Revenues</i>	10,609,880	12,088,500	12,075,236	(13,264)
Expenditures				
Current:				
Instruction:				
Regular	5,841,252	5,468,009	5,356,997	111,012
Special	939,526	796,365	771,531	24,834
Vocational	129,061	159,691	157,144	2,547
Student Intervention Services	150,817	112,730	106,521	6,209
Other	0	40,530	38,021	2,509
Support Services:				
Pupil	518,199	463,444	449,537	13,907
Instructional Staff	354,795	379,364	356,420	22,944
Board of Education	135,289	77,852	69,251	8,601
Administration	913,002	943,068	918,061	25,007
Fiscal	336,517	344,306	340,223	4,083
Operation and Maintenance of Plant	1,048,398	1,006,367	940,004	66,363
Pupil Transportation	1,007,601	1,510,685	1,505,342	5,343
Central	95,373	76,187	62,395	13,792
Extracurricular Activities	145,329	196,628	153,945	42,683
Capital Outlay	511,557	461,557	453,030	8,527
<i>Total Expenditures</i>	12,126,716	12,036,783	11,678,422	358,361
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,516,836)	51,717	396,814	345,097
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	16,465	19,812	3,347
Operating Transfers In	0	7,487	7,487	0
Revenue Anticipation Notes Issued	0	783,870	783,870	0
Operating Transfers Out	0	(867,021)	(867,021)	0
Advances Out	0	0	(5,034)	(5,034)
<i>Total Other Financing Sources (Uses)</i>	0	(59,199)	(60,886)	(1,687)
<i>Net Change in Fund Balance</i>	(1,516,836)	(7,482)	335,928	343,410
<i>Fund Balance Beginning of Year</i>	155,314	155,314	155,314	0
Prior Year Encumbrances Appropriated	58,643	58,643	58,643	0
<i>Fund Balance (Deficit) End of Year</i>	(\$1,302,879)	\$206,475	\$549,885	\$343,410

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets	
Cash and Cash Equivalents	\$34,369
	<hr/>
<i>Total Assets</i>	<u><u>\$34,369</u></u>
Liabilities	
Due to Students	\$34,369
	<hr/>
<i>Total Liabilities</i>	<u><u>\$34,369</u></u>

See accompanying notes to the basic financial statements

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 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 36 classified employees, 92 certificated full-time teaching personnel, and 6 administrative employees who provide services to 1,443 students and other community members. The School District currently operates four instructional buildings and one garage.

On March 20, 2009, the School District was declared to be in a state of "Fiscal Caution" by the Ohio Department of Education based on the 5 year forecast. The School District was subsequently required to submit a fiscal caution proposal to the Ohio Department of Education designed to avoid a potential deficit in fiscal years 2009 and 2010. The proposal was submitted by the School District on May 13, 2009 and accepted by the Ohio Department of Education on May 26, 2009. See Note 25 for further details.

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 is associated with 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 basic 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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The School District uses two categories of funds: governmental and fiduciary.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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.

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

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities and payroll withholdings.

C. Measurement Focus

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

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

D. Basis of Accounting

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

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 60 days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. Revenue from income taxes is recognized in the period in which the income is earned. 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 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 nonexchange 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, income taxes, interest, tuition, grants, fees, and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget is required under the Ohio Revised Code; however this requirement is waived by the Licking County Budget Commission (Budget Commission). The Budget Commission accepts the School District's five year forecast in place of the tax budget. The

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "cash and cash equivalents" on the financial statements.

During fiscal year 2009, investments were limited to repurchase agreements and State Treasury Asset Reserve of Ohio (STAR Ohio). Repurchase agreements are reported at cost. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$38,287, which includes \$13,280 assigned from other School District funds.

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.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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/expense is reported in the year in which the services are consumed.

H. Inventory

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

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

I. Receivables and Payables

Receivables and payables 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.

J. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	25-50 Years
Buildings and Improvements	50-100 Years
Furniture and Equipment	10-50 Years
Vehicles	5-15 Years

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated on the statement of net assets.

L. 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 ten years of experience with the School District.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which these payments will be made.

M. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, long-term notes, and capital leases are recognized as a liability on the governmental fund financial statements when due.

N. Bond Premiums, Gains on Refinancing and Issuance Costs

In the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt. Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements issuance costs and bond premiums are recognized in the period in which the bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

P. Net Assets

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

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

The School District is reporting special items during fiscal year 2009 in the amount of \$1,915,976. The School District closed two buildings, Homer Elementary and Hartford Elementary, at the beginning of fiscal year 2009. Hartford Elementary was closed due to sewage issues and recommendations from the Ohio School Facilities Commission and was sold to the Village of Hartford for \$5,747 on April 20, 2009. The loss on the sale of Hartford Elementary is shown as a special item in the amount of \$822,319. Homer Elementary was closed due to recommendations from the Environmental Protection Agency due to sewage issues and recommendations from the Ohio School Facilities Commission. Homer Elementary building was deemed to be impaired under guidelines set forth in GASB Statement No. 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries". Due to the impairment of Homer Elementary, the carrying value of this asset as of June 30, 2009 was \$6,030 and the impairment of \$677,437 is shown as a special item. Finally, the School District entered into an operating lease for modular buildings (see Note 24) in which there were set up costs incurred for the buildings in the amount of \$416,220 that is shown as a special item. For more information see Note 10, Capital Assets.

R. 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.

Note 3 – Change in Accounting Principles

For fiscal year 2009, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District's financial statements.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 – Accountability and Compliance

A. Accountability

The following funds had deficit fund balances as of June 30, 2009:

<u>Special Revenue Funds:</u>	<u>Deficit Fund Balances</u>
Title I	(\$25,611)
Class Size Reduction	(6,203)

The deficits in the special revenue funds were a result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District is currently monitoring its financial condition and is taking steps to increase revenues and reduce spending.

B. Compliance

The general fund had original appropriations in excess of estimated resources in the amount of \$1,302,879 which is contrary to Section 5705.39, Revised Code.

The following funds had final appropriations in excess of estimated resources contrary to Section 5705.39, Revised Code:

<u>Special Revenue Funds:</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Food Service	\$533,272	\$559,135	(\$25,863)
Jennings Foundation Grant	7,031	11,097	(4,066)
Schoolnet Professional Development	4,522	4,758	(236)
Title VI-B IDEA	280,638	435,377	(154,739)
Title I	113,984	127,729	(13,745)
Title VI	6,699	7,007	(308)
Drug Free Schools	769	3,441	(2,672)
Class Size Reduction	54,303	103,394	(49,091)

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - presented for the General Fund is 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Prepaid items are reported on the statement of revenues, expenditures, and changes in fund balances (GAAP basis), but not on the budgetary basis.
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Principal and interest payments on debt obligations are reported in a debt service fund at the budgetary level but was reclassified to the fund originally receiving the proceeds.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund:

Net Change in Fund Balance	
GAAP Basis	\$199,781
Net Adjustment for Revenue Accruals	150,923
Net Adjustment for Expenditure Accruals	28,046
Beginning:	
Prepaid Items	29,358
Ending:	
Prepaid Items	(25,050)
Revenue Anticipation Notes Issued	783,870
Advances In	7,487
Advances Out	(5,034)
Transfer Out	(808,751)
Adjustment for Encumbrances	<u>(24,702)</u>
Budget Basis	<u><u>\$335,928</u></u>

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 6 - Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 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.

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

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

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

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the School District's bank balance of \$126,863 was fully insured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2009, the School District had the following investments.

	Fair Value	Average Maturity	S & P Rating	Percent of Total Investments
Repurchase Agreement	\$1,297,529	1 Day	AAA	82.33%
STAROhio	278,462	58.10 Days	AAAm	17.67%
Total	<u>\$1,575,991</u>			

Interest Rate Risk

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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 fiscal year.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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 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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 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 2009 (other than public utility property) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for the general personal property taxes. Tangible personal property taxes received for the telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. 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 2009.

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, 2009, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 and the late personal property tax settlement were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$232,063, \$198,029 was available to the general fund, \$3,826 was available to the classroom facilities maintenance special revenue fund, and \$30,208 was available to the bond retirement debt service fund. The amount available as an advance at June 30, 2008, was \$320,038, \$263,296 was available to the general fund, \$5,346 was available to the classroom facilities maintenance special revenue fund, and \$51,396 was available to the bond retirement debt service fund.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The June 30 personal property tax settlement that was received July, 2009 amounted to \$707 in the general fund, \$11 in the classroom facilities maintenance special revenue fund, and \$67 in the bond retirement debt service fund. The June 30 personal property tax settlement that was received July, 2008 amounted to \$5,375 in the general fund, \$82 in the classroom facilities maintenance special revenue fund, and \$561 in the bond retirement debt service fund.

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

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

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$202,621,690	94.65%	\$208,215,740	93.79%
Public Utility Personal	10,613,570	4.96%	12,727,530	5.73%
General Business Personal	829,770	0.39%	1,057,030	0.48%
	\$214,065,030	100.00%	\$222,000,300	100.00%
Tax rate per \$1,000 of assessed valuation	\$36.50		\$36.20	

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 renewed and was effective on January 1, 2006 and remains in effect until December 31, 2010. 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, 2009 consisted of property taxes, income taxes, accounts (billings for user charged services, vendors commissions, and tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$236,409 as of June 30, 2009.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Educational Service Center of Central Ohio Reimbursement	\$4,002
Licking County Auditors' Office Reimbursement	250
Ohio Department of Taxation Fuel Tax Refunds	608
Ohio Bureau of Workers' Compensation Refund	1,333
Southwest Licking LSD & East Knox LSD Entry Fees	325
Title I	17,823
Title VI-B	65,783
Drug Free Schools Grant	5,929
Title II-A	9,907
Miscellaneous Federal Grants	591
Total	\$106,551

Note 10 – Capital Assets

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

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Nondepreciable Capital Assets				
Land	\$242,190	\$0	(\$18,100)	\$224,090
Construction in Progress	10,823	21,973	(32,796)	0
Total Capital Assets not being depreciated	253,013	21,973	(50,896)	224,090
Depreciable Capital Assets				
Land Improvements	899,745	2,400	(38,084)	864,061
Buildings and Improvements	14,232,648	32,796	(1,165,698)	13,099,746
Furniture and Equipment	3,179,821	10,445	(250,618)	2,939,648
Vehicles	16,876	0	0	16,876
Total at Historical Cost	18,329,090	45,641	(1,454,400)	16,920,331
Less Accumulated Depreciation				
Land Improvements	(368,913)	(83,094)	16,749	(435,258)
Buildings and Improvements	(2,737,573)	(785,537)	377,067	(3,146,043)
Furniture and Equipment	(1,242,883)	(173,074)	167,917	(1,248,040)
Vehicles	(5,405)	(2,226)	0	(7,631)
Total Accumulated Depreciation	(4,354,774)	(1,043,931)	561,733	(4,836,972)
Depreciable Capital Assets, Net of Accumulated Depreciation	13,974,316	(998,290)	(892,667)	12,083,359
Governmental Activities Capital Assets, Net	\$14,227,329	(\$976,317)	(\$943,563)	\$12,307,449

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The School District closed two buildings, Homer Elementary and Hartford Elementary, at the beginning of fiscal year 2009. Hartford Elementary was closed due to sewage issues and recommendations from the Ohio School Facilities Commission and was sold to the Village of Hartford for \$5,747 on April 20, 2009. The loss on the sale of Hartford Elementary is shown as a special item in the amount of \$822,319. Homer Elementary was closed due to recommendations from the Environmental Protection Agency due to sewage issues and recommendations from the Ohio School Facilities Commission. Homer Elementary building was deemed impaired under the guidelines set forth in GASB Statement No. 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries". Due to the impairment of Homer Elementary, the carrying value of this asset as of June 30, 2009 was reduced from \$683,467 to \$6,030. The impairment of \$677,437 is shown as a special item and added to accumulated depreciation. In addition to the special items related to the two building closures, the School District entered into an operating lease for modular buildings (see Note 24) in which there were set up costs incurred for the buildings in the amount of \$416,220 that are also reflected as a special item.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$171,222
Special	27,145
Vocational	15,174
Support Services:	
Pupil	12,528
Instructional Staff	24,289
Administration	24,123
Fiscal	6,860
Operation and Maintenance of Plant	21,391
Pupil Transportation	895
Extracurricular	27,941
Food Service Operations	34,926
Depreciation Expense	366,494
Depreciation: Impaired Asset - Special Item	677,437
Total Current Year Depreciation	<u>\$1,043,931</u>

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 2009, the School District contracted with Employers Mutual Casualty Company for all of their insurance. The types and amounts of coverage provided follows:

Building - Replacement Cost (\$2,500 deductible)	\$27,266,111
Personal Property (\$2,500 deductible)	4,623,571
Property in Open-Buildings	813,260
Employee Benefits Aggregate Limit (\$1,000 deductible each claim)	
Per Occurrence	1,000,000
Aggregate Per Year	2,000,000
Public Officials Liability (\$1,500 deductible each loss)	
Per Occurrence/Aggregate Per Year	1,000,000

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Automobile Liability	
Aggregate Per Year (deductible \$250 collision and \$100 comprehensive)	1,000,000
Uninsured Motor Vehicle Bodily Injury –Aggregate Per Year	1,000,000
Underinsured Motor Vehicle Bodily Injury - Aggregate Per Year	1,000,000
General Liability – Per Occurrence	1,000,000
General Liability - Aggregate Per Year	2,000,000
Products/Completed Operations Aggregate	2,000,000
Personal and Advertising Injury	1,000,000
Commercial Umbrella per Occurrence	2,000,000
Commercial Umbrella Aggregate	2,000,000

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

For fiscal year 2009, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$205,512, \$127,138, and \$185,729, respectively; 75 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 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, 2009, 2008, and 2007 were \$638,409, \$661,384, and \$662,320 respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$8,913 made by the School District and \$25,283 made by the plan members.

Note 13 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The School District's contributions for health care, including the surcharge, for the fiscal years ended June 30, 2009, 2008, and 2007 were \$114,975, \$85,808, and \$82,783 respectively; 61 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$17,127, \$9,385, and \$12,630 respectively; 75 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$49,794, \$51,552, and \$51,305 respectively; 81 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 United Healthcare. The School District pays medical and drug monthly premiums for staff of \$793.99 for family coverage and \$357.09 for single coverage. The School District also provides dental insurance for all eligible employees through Core Source. The School District's share of the monthly premium for dental insurance coverage is \$57.51 for family and \$19.84 for single employees. The School District provides vision insurance through Vision Plus. The School District pays \$11.76 per month for all eligible employees.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life. Premiums are paid from the same funds that pay the employees' salaries.

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2009 were as follows:

	Principal Outstanding 6/30/2008	Additions	Deductions	Principal Outstanding 6/30/2009	Due Within One Year
Classroom Facilities Refunding General					
Improvement Serial Bonds - 4.50% - 5.00%	\$5,905,000	\$0	\$400,000	\$5,505,000	\$425,000
Bond Premium	283,828	0	27,031	256,797	0
Deferred Amount on Refunding	(183,991)	0	(17,522)	(166,469)	0
School Energy Conservation Improvement					
General Obligation Bonds - 4.25% - 4.75%	885,000	0	55,000	830,000	60,000
Bond Premium	15,556	0	1,353	14,203	0
Total Long-Term Bonds	6,905,393	0	465,862	6,439,531	485,000
Capital Leases	148,835	0	33,141	115,694	31,004
Compensated Absences	760,298	78,069	55,189	783,178	92,880
Termination Benefits Payable	250,072	61,194	70,867	240,399	83,106
Total General Long-Term Obligations	\$8,064,598	\$139,263	\$625,059	\$7,578,802	\$691,990

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

General Obligation Bonds

2006 Classroom Facilities Improvement Refunding General Obligation Serial Bonds - In April 2006, the School District issued \$6,780,000 of Classroom Facilities Improvement Refunding General Obligation Serial Bonds. These refunding bonds were issued to refund the 1995 Classroom Facilities Construction General Obligation Bonds outstanding in the amount of \$6,790,000. The 1995 Classroom Facilities Construction General Obligation Bonds were called on May 3, 2006. At June 30, 2006, the outstanding value of the 1995 bonds was removed from the financial statements. The refunding bonds were issued with a premium of \$351,406. The premium is reported as an increase to bonds payable. The premium is being amortized to interest expense over the life of the Classroom Facilities Improvement Refunding General Obligation Bonds using the straight-line method. The issuance costs of \$113,607 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The current refunding resulted in an accounting gain, the difference between the net carrying amount of the debt and the acquisition price, in the amount of \$227,799. This difference is being reported in the accompanying financial statement as a decrease to bonds payable and is being amortized to interest expense over the life of the bonds using the straight-line method.

Principal and interest requirements to retire the classroom facilities improvement refunding bonds outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$425,000	\$254,238	\$679,238
2011	450,000	233,988	683,988
2012	475,000	212,019	687,019
2013	500,000	188,863	688,863
2014	530,000	164,400	694,400
2015-2019	3,125,000	400,557	3,525,557
Total	<u>\$5,505,000</u>	<u>\$1,454,065</u>	<u>\$6,959,065</u>

The Bonds maturing on December 1, 2016 and thereafter are subject to optional redemption, in whole or part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity at the option of the Board of Education on or after December 1, 2016 at the redemption price of 100%.

School Energy Conservation Improvement General Obligation Bonds -In August 2005, the School District issued School Energy Conservation Improvement General Obligation Bonds in the amount of \$995,000 at variable interest rates of 4.25% to 4.75%. Principal and interest payments are due June and December 1 of each year through 2019. These bonds were issued for the purpose of energy conservation measures which included the purchase of a new chiller for the High School. The bonds were issued with a premium in the amount of \$19,615. The premium is reported as an increase to bonds payable. The premium is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$19,615 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method.

Principal and interest requirements to retire the school energy conservation improvement bonds outstanding at June 30, 2009, are as follows:

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$60,000	\$37,262	\$97,262
2011	60,000	34,562	94,562
2012	65,000	31,750	96,750
2013	70,000	28,713	98,713
2014	70,000	25,563	95,563
2015-2019	410,000	72,916	482,916
2020	95,000	2,256	97,256
Total	<u>\$830,000</u>	<u>\$233,022</u>	<u>\$1,063,022</u>

The School District's overall legal debt margin was \$14,325,938, with an unvoted debt margin of \$220,344 at June 30, 2009.

Capital Leases Payable

Capital leases will be paid from the general fund.

Compensated Absences Payable

Compensated absences will be repaid from the general fund and food service special revenue fund.

Termination Benefits Payable

Per the School District's negotiated agreement, the Northridge Board of Education offered to pay any teacher who agreed to retire an amount equal to one year's salary to be paid over a five year period for the teacher who is deemed a viable candidate by the School District. One fifth of this amount will be paid annually on January 2nd of each year for a five year period. To qualify for the termination benefits payable, the teacher should have completed twenty-five years of consecutive service with the School District or be sixty years of age. During fiscal year 2009, there was one teacher that agreed to participate in this plan.

Note 16 - Interfund Transactions

Interfund balances at June 30, 2009, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
Governmental Funds:		
General Fund	\$66,554	\$9,528
Other Nonmajor Governmental Funds:		
Title I	8,502	0
Title VI-B	0	62,477
Class Size Reduction	1,026	4,077
Total Other Nonmajor Governmental Funds	<u>9,528</u>	<u>66,554</u>
Total All Funds	<u>\$76,082</u>	<u>\$76,082</u>

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

The School District transferred \$57,087 from the General Fund to the EMIS Special Revenue Fund and also transferred \$1,183 from the General Fund to the Title V Special Revenue Funds.

Note 17 – Short-Term Obligations

The current revenue anticipation notes issued on July 9, 2008, in the amount of \$783,870 were to mature no later than June 30, 2009, and bear interest, payable at maturity. These notes were issued for the purpose of avoiding cash shortfalls due to deficits and to maintain adequate cash balances during the 2009 fiscal year. The School District pledged future tax revenues for the repayment for the revenue anticipation notes. On April 30, 2009, the School District repaid this note making a principal payment of \$783,870 and interest of \$24,881.

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 the School District does not have an equity interest in the Association. The School District's payments to LACA for computer services for fiscal year 2009 were \$81,633. Financial statements for LACA can be obtained from their fiscal agent - the Career and Technology Education Centers of Licking County, 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 100 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. School District payments to MEC for fiscal year 2009 were \$90,275 for gas heating, insurance and membership. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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. The Northridge Local School District has a cooperative agency agreement with COSERRC. There is no financial commitment by the School District for its participation in COSERRC. The governing board is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, and representatives of universities. The School District has one representative on the governing board. Nothing was paid to COSERRC during fiscal year 2009. 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). The Council is comprised of 70 member organizations. The purpose of the Council is to bring about the improvement of education in member school organizations. School districts maintain active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and to vote. School districts that elect to be associate members are entitled 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 2009, the Board consisted of sixteen members. In fiscal year 2009, Northridge Local School District paid \$150 for registration for a seminar. Financial information may be obtained by contacting the School Study Council of Ohio at 2080 Citygate Drive, Columbus, Ohio 43219.

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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside reserve balance as of June 30, 2008	(\$597,413)	\$0
Current year set-aside requirement	237,453	237,453
Current year offsets	0	(177,807)
Qualifying Disbursements	<u>(278,225)</u>	<u>(555,092)</u>
Totals	<u>(\$638,185)</u>	<u>(\$495,446)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$638,185)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2009	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements and current year offsets during the fiscal year that reduced the capital improvement set-aside amount below zero. The total reserve balance for the two set-asides at the end of the fiscal year was zero.

Note 22 - 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, 2009.

B. Litigation

The School District is currently not a party to any material legal proceedings.

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 23 - Capitalized Leases

The School District has entered into capitalized leases for HVAC computer equipment from Johnson Controls, Inc. and copiers from Comdoc, Inc. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The agreement provides for minimum annual lease payments as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$31,004	\$5,122
2011	32,604	3,523
2012	34,286	1,841
2013	<u>17,800</u>	<u>264</u>
Total	<u>\$115,694</u>	<u>\$10,750</u>

The HVAC computer equipment was originally capitalized in the amount of \$66,000 and the copiers was originally capitalized in the amount of \$159,372. These amounts represent the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2009 totaled \$33,141 in the governmental funds. The equipment has been capitalized in the amount of \$225,372, the present value of the minimum lease payments at the inception of the lease. There was accumulated depreciation as of \$23,775 as of June 30, 2009, therefore, leaving a remaining book value of \$201,597.

Note 24 - Operating Lease

The School District has entered into a noncancelable operating lease for modular units on May 8, 2008 to accommodate students during fiscal year 2009. This lease agreement is for 48 months at \$10,274 per month. In addition, there were set-up fees for the modular's that was paid by the School District during fiscal year 2009 in the amount of \$416,220 and there will also be a tear-down fee that will be paid by the School District once additional school buildings are built. The estimated tear-down costs are approximately \$106,205 (based on today's pricing). Principal payments in fiscal year 2009 totaled \$113,014 in the governmental funds.

The future minimum lease payments for this lease are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2010	\$123,288
2011	123,288
2012	123,288
2013	<u>10,274</u>
Total	<u>\$380,138</u>

Northridge Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 25 - Fiscal Caution

On March 20, 2009, the Northridge Local School District was placed in fiscal caution by the Ohio Department of Education and was required to submit a fiscal caution proposal by May 26, 2009 to address the projected deficit. The fiscal caution financial recovery plan includes the reduction of approximately 4 positions through reduction in force, spending freeze for all but essential items for instruction and health/safety items and a decrease special education services contracted through the Educational Services Center. The net savings was projected at \$1.4 million in fiscal year 2009. In addition, the fiscal caution financial recovery plan for fiscal year 2010 includes eliminating 12 positions through reduction in force, retirements, non-renewal of positions, and transfers to another funding source resulting in a net savings projected at \$1.2 million.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

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

Federal Grantor Pass-Through Grantor/Program or Cluster Title	Grant Year(s)	CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Lunch Program	2009	10.555	\$ 88,808	\$ 28,259	\$ 88,808	32,261
School Breakfast Program	2009	10.553	7,498	-	7,498	-
Total U.S. Department of Agriculture - Nutrition Cluster			<u>96,306</u>	<u>28,259</u>	<u>96,306</u>	<u>32,261</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Title I	2008/2009	84.010	116,954	-	118,066	-
Title VI-B - Special Education Grants to States	2008/2009	84.027	195,960	-	258,418	-
Title IV - Safe and Drug-Free Schools and Communities	2008/2009	84.186	769	-	656	-
Title V - Innovative Education Program	2008/2009	84.298	1,039	-	5,202	-
Title II-D - Education Technology State Grants	2008/2009	84.318	620	-	896	-
Title II-A - Improving Teacher Quality	2008/2009	84.367	61,121	-	57,398	-
Total U.S. Department of Education			<u>449,905</u>	<u>-</u>	<u>440,636</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
<i>Passed through Ohio Emergency Management Agency:</i>						
Disaster Grants - Public Assistance	2008/2009	97.036	1,530	-	1,530	-
Total U.S. Department of Homeland Security			<u>1,530</u>	<u>-</u>	<u>1,530</u>	<u>-</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 547,741</u>	<u>\$ 28,259</u>	<u>\$ 538,472</u>	<u>\$ 32,261</u>

The accompanying notes are an integral part of this schedule.

**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE E – TRANSFERS

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with ODE's approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. During fiscal year 2009, the Ohio Department of Education (ODE) authorized the following transfers:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Year</u>	<u>Transfers Out</u>	<u>Transfers In</u>
Title VI-B - Special Education Grants	84.027	2008/2009	26,763	26,763
Title V - Innovative Education Program	84.298	2008/2009	1,787	1,787
Title II-D - Education Technology	84.318	2008/2009	<u>383</u>	<u>383</u>
			<u><u>28,933</u></u>	<u><u>28,933</u></u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Northridge Local School District
6066 Johnstown-Utica Road
Johnstown, Ohio 43031

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northridge Local School District, Licking County, Ohio (the District), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 17, 2009. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

We noted certain matters that we reported to the District's management in a separate letter dated December 17, 2009.

Compliance and Other Matters

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 17, 2009.

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



Kennedy Cottrell Richards LLC
December 17, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Northridge Local School District
66066 Johnstown-Utica Road
Johnstown, Ohio 43031

To the Board of Education:

Compliance

We have audited the compliance of Northridge Local School District, Licking County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

In a separate letter to the District's management dated December 17, 2009, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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



Kennedy Cottrell Richards LLC
December 17, 2009

**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Title I – Grants to Local Educational Agencies CFDA 84.010 and Title VI-B – Special Education Grants to States CFDA 84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

**NORTHRIDGE LOCAL SCHOOL DISTRICT.
LICKING COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Significant Deficiency – Financial Reporting

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the District. Independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

We identified misstatements in the District's financial statements related to interfund payables and receivables, budget versus actual presentation, and in the deposits and investments note disclosure that were necessary to adjust to present the financial statements in conformity with accounting principles generally accepted in the United States of America.

We provided adjusting entries to the Treasurer that were posted and subsequently corrected the misstatements. The misstatements are an indicator the District needs to improve or strengthen their existing control procedures related to financial reporting.

We recommend the District consider modifying the existing control procedures over the financial reporting process to include an independent review of the financial statements and the related journal entries. The review should be conducted by an individual that is knowledgeable of generally accepted accounting principles and the review should take place prior to the start of the audit.

Official's Response

As part of the District's modification of internal controls over the financial reporting procedures, we will review, before closing the fiscal year, the District's financial reports and related journal entries with a consultant to assist in detecting and correcting any misstatements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Northridge Local School District
6066 Johnston-Utica Road
Johnston, Ohio 43031

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on October 20, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;
 - (7) A procedure for responding to and investigating any reported incident;
 - (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
 - (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

(10)A requirement that the school administration semiannually provide the president of the school board a written summary of all reported incidents and post the summary on its web site, if the school has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC

December 17, 2009



Mary Taylor, CPA
Auditor of State

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 2, 2010