

# **GENERAL PURPOSE FINANCIAL STATEMENT**

**of the**

**Northridge Local School District**

**for the**

**Fiscal Year Ended June 30, 2000**

**Prepared By**

**Charlotte Porter, Treasurer**

**6097 Johnstown-Utica Road**

**Johnstown, Ohio**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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Board of Education  
Northridge Local School District  
Johnstown, Ohio

We have reviewed the Independent Auditor's Report of the Northridge Local School District, Licking County, prepared by Jones, Cochenour & Co., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

January 19, 2001

**NORTHRIDGE LOCAL SCHOOL DISTRICT  
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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Northridge Local School District  
Johnstown, Ohio

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2000 on our consideration of Northridge Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jones, Cochenour & Co.  
December 13, 2000

**Northridge Local School District, Ohio**  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$136,286	\$115,854	\$267,784	\$129,054
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
<u>Receivables:</u>				
Property Taxes	2,690,282	29,509	789,802	0
Accounts	290	1,471	0	1,226
Intergovernmental	10,215	4,500	0	0
Accrued Interest	6,030	0	0	0
Interfund	9,987	0	0	0
Income Tax	532,598	0	0	0
Materials and Supplies Inventory	4,797	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	12,374	1,912	0	1,258
<u>Restricted Assets:</u>				
Cash and Cash Equivalents	59,794	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$3,462,653</b>	<b>\$153,246</b>	<b>\$1,057,586</b>	<b>\$131,538</b>
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$45,742	\$1,538	\$0	\$1,346
Due to Others	0	0	0	0
Accrued Salaries and Benefits Payable	473,138	15,014	0	0
Intergovernmental Payable	166,752	1,273	0	80
Interfund Payable	0	0	9,987	0
Due to Students	0	0	0	0
Deferred Revenue	2,477,268	28,517	743,600	0
Compensated Absences Payable	27,181	0	0	0
Early Retirement Incentive Payable	0	0	0	0
Accrued Interest Payable	825	0	0	0
Income Tax Anticipation Note	225,000	0	0	0
State Operating Loan Payable	628,000	0	0	0
School Facility Loan Payable	0	0	0	0
School Facility Bond Payable	0	0	0	0
Energy Conservation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>4,043,906</b>	<b>46,342</b>	<b>753,587</b>	<b>1,426</b>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
<u>Retained Earnings:</u>				
Unreserved Deficit	0	0	0	0
<u>Fund Balances:</u>				
Reserved for Encumbrances	14,516	9,005	0	33,868
Reserved for Budget Stabilization	58,147	0	0	0
Reserved for Inventory	4,797	0	0	0
Reserved for Property Taxes	196,266	861	43,449	0
Reserved for Capital Improvement	1,647	0	0	0
Unreserved, Undesignated (Deficit)	(856,626)	97,038	260,550	96,244
<b>Total Fund Equity and Other Credits (Deficit)</b>	<b>(581,253)</b>	<b>106,904</b>	<b>303,999</b>	<b>130,112</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$3,462,653</b>	<b>\$153,246</b>	<b>\$1,057,586</b>	<b>\$131,538</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$44,013	\$29,899	\$0	\$0	\$722,890
0	40	0	0	40
0	0	0	0	3,509,593
162	0	0	0	3,149
0	0	0	0	14,715
0	0	0	0	6,030
0	0	0	0	9,987
0	0	0	0	532,598
942	0	0	0	5,739
6,165	0	0	0	6,165
0	0	0	0	15,544
0	0	0	0	59,794
258,538	0	21,081,403	0	21,339,941
0	0	0	303,999	303,999
0	0	0	15,353,517	15,353,517
<u>\$309,820</u>	<u>\$29,939</u>	<u>\$21,081,403</u>	<u>\$15,657,516</u>	<u>\$41,883,701</u>
\$48	\$0	\$0	\$0	\$48,674
0	40	0	0	40
13,426	0	0	0	501,578
16,867	0	0	22,562	207,534
0	0	0	0	9,987
0	29,899	0	0	29,899
3,569	0	0	0	3,252,954
7,764	0	0	581,276	616,221
0	0	0	65,525	65,525
0	0	0	0	825
0	0	0	0	225,000
0	0	0	0	628,000
0	0	0	5,923,153	5,923,153
0	0	0	8,430,000	8,430,000
0	0	0	635,000	635,000
<u>41,674</u>	<u>29,939</u>	<u>0</u>	<u>15,657,516</u>	<u>20,574,390</u>
0	0	21,081,403	0	21,081,403
278,033	0	0	0	278,033
(9,887)	0	0	0	(9,887)
0	0	0	0	57,389
0	0	0	0	58,147
0	0	0	0	4,797
0	0	0	0	240,576
0	0	0	0	1,647
0	0	0	0	(402,794)
<u>268,146</u>	<u>0</u>	<u>21,081,403</u>	<u>0</u>	<u>21,309,311</u>
<u>\$309,820</u>	<u>\$29,939</u>	<u>\$21,081,403</u>	<u>\$15,657,516</u>	<u>\$41,883,701</u>

**Northridge Local School District, Ohio**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types			Capital Projects	Totals (Memorandum Only)
	General	Special Revenue	Debt Service		
<b>Revenues:</b>					
Property Taxes	\$2,509,980	\$28,552	\$773,183	\$0	\$3,311,715
Income Tax	1,375,506	0	0	0	1,375,506
Intergovernmental	3,680,305	345,379	89,083	27,708	4,142,475
Interest	22,571	0	0	2,191	24,762
Tuition and Fees	30,578	0	0	0	30,578
Rent	594	0	0	0	594
Extracurricular Activities	15,894	116,120	0	0	132,014
Gifts and Donations	0	1,700	0	30,000	31,700
Miscellaneous	5,337	0	0	1,329	6,666
<b>Total Revenues</b>	<b>7,640,765</b>	<b>491,751</b>	<b>862,266</b>	<b>61,228</b>	<b>9,056,010</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	3,357,617	90,983	0	2,369	3,450,969
Special	375,490	130,706	0	0	506,196
Vocational	180,349	0	0	0	180,349
Other	114,588	0	0	0	114,588
<b>Support Services:</b>					
Pupils	250,805	0	0	0	250,805
Instructional Staff	190,428	11,863	0	0	202,291
Board of Education	8,196	0	0	0	8,196
Administration	763,777	0	0	0	763,777
Fiscal	292,574	530	12,336	0	305,440
Business	5,128	0	0	0	5,128
Operation and Maintenance of Plant	851,838	75,172	0	0	927,010
Pupil Transportation	948,916	0	0	0	948,916
Central	154,996	19,452	0	12,801	187,249
Extracurricular Activities	132,963	105,941	0	0	238,904
Capital Outlay	200	0	0	231,766	231,966
<b>Debt Service:</b>					
Principal Retirement	30,433	0	293,668	0	324,101
Interest and Fiscal Charges	21,356	0	524,438	0	545,794
<b>Total Expenditures</b>	<b>7,679,654</b>	<b>434,647</b>	<b>830,442</b>	<b>246,936</b>	<b>9,191,679</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(38,889)</b>	<b>57,104</b>	<b>31,824</b>	<b>(185,708)</b>	<b>(135,669)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Fixed Assets	3,500	0	0	0	3,500
Operating Transfers In	0	0	1,156	0	1,156
Operating Transfers Out	(62,273)	0	0	0	(62,273)
<b>Total Other Financing Sources (Uses)</b>	<b>(58,773)</b>	<b>0</b>	<b>1,156</b>	<b>0</b>	<b>(57,617)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(97,662)</b>	<b>57,104</b>	<b>32,980</b>	<b>(185,708)</b>	<b>(193,286)</b>
<b>Fund Balances at Beginning of Year</b>	<b>(488,388)</b>	<b>49,800</b>	<b>271,019</b>	<b>315,820</b>	<b>148,251</b>
<b>Increase in Reserve for Inventory</b>	<b>4,797</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,797</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>(\$581,253)</b>	<b>\$106,904</b>	<b>\$303,999</b>	<b>\$130,112</b>	<b>(\$40,238)</b>

See accompanying notes to the general purpose financial statements

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**Northridge Local School District, Ohio**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2000**

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Property Taxes	\$2,746,925	\$2,500,903	(\$246,022)
Income Tax	1,152,885	1,152,885	0
Intergovernmental	3,443,078	3,670,089	227,011
Interest	13,670	16,541	2,871
Tuition and Fees	16,930	31,326	14,396
Rent	740	905	165
Extracurricular Activities	13,892	15,894	2,002
Gifts and Donations	0	0	0
Miscellaneous	835	5,121	4,286
<b>Total Revenues</b>	<b>7,388,955</b>	<b>7,393,664</b>	<b>4,709</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	3,502,764	3,498,477	4,287
Special	372,230	374,213	(1,983)
Vocational	187,093	185,263	1,830
Other	105,600	105,515	85
<b>Support Services:</b>			
Pupils	270,106	268,114	1,992
Instructional Staff	202,074	201,613	461
Board of Education	9,920	9,135	785
Administration	785,128	777,803	7,325
Fiscal	259,176	256,477	2,699
Business	12,512	12,512	0
Operation and Maintenance of Plant	867,376	863,831	3,545
Pupil Transportation	1,062,030	1,060,467	1,563
Central	155,083	154,996	87
Extracurricular Activities	133,986	133,643	343
Capital Outlay	200	200	0
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>7,925,278</b>	<b>7,902,259</b>	<b>23,019</b>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	<b>(536,323)</b>	<b>(508,595)</b>	<b>27,728</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets	3,500	3,500	0
Proceeds from Sale of Notes	628,000	628,000	0
Advances In	0	0	0
Advances Out	(9,987)	(9,987)	0
Operating Transfer In	0	0	0
Operating Transfer Out	(62,276)	(62,273)	3
<b>Total Other Financing Sources (Uses)</b>	<b>559,237</b>	<b>559,240</b>	<b>3</b>
<b>Excess of Revenues and Other</b>			
<b>Financing Sources Over (Under)</b>			
<b>Expenditures and Other Financing Uses</b>	<b>22,914</b>	<b>50,645</b>	<b>27,731</b>
<b>Fund Balances at Beginning of Year</b>	<b>86,464</b>	<b>86,464</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>17,088</b>	<b>17,088</b>	<b>0</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$126,466</b>	<b>\$154,197</b>	<b>\$27,731</b>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$30,293	\$30,294	\$1	\$666,703	\$790,748	\$124,045
0	0	0	245,250	245,250	0
340,574	340,879	305	77,835	89,083	11,248
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
109,266	114,649	5,383	0	0	0
1,700	1,700	0	0	0	0
0	0	0	0	0	0
<u>481,833</u>	<u>487,522</u>	<u>5,689</u>	<u>989,788</u>	<u>1,125,081</u>	<u>135,293</u>
165,963	97,830	68,133	0	0	0
149,057	142,385	6,672	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
16,813	15,829	984	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
530	530	0	12,336	12,336	0
0	0	0	0	0	0
75,750	75,641	109	0	0	0
0	0	0	0	0	0
27,879	20,554	7,325	0	0	0
114,838	106,269	8,569	0	0	0
0	0	0	0	0	0
0	0	0	713,058	518,668	194,390
0	0	0	544,688	539,625	5,063
<u>550,830</u>	<u>459,038</u>	<u>91,792</u>	<u>1,270,082</u>	<u>1,070,629</u>	<u>199,453</u>
<u>(68,997)</u>	<u>28,484</u>	<u>97,481</u>	<u>(280,294)</u>	<u>54,452</u>	<u>334,746</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	9,987	9,987	0
0	0	0	0	0	0
0	0	0	1,156	1,156	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>11,143</u>	<u>11,143</u>	<u>0</u>
(68,997)	28,484	97,481	(269,151)	65,595	334,746
62,174	62,174	0	207,252	207,252	0
15,262	15,262	0	0	0	0
<u>\$8,439</u>	<u>\$105,920</u>	<u>\$97,481</u>	<u>(\$61,899)</u>	<u>\$272,847</u>	<u>\$334,746</u>

(Continued)

**Northridge Local School District, Ohio**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2000  
 (Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$0	\$0	\$0
Income Tax	0	0	0
Intergovernmental	27,708	27,708	0
Interest	3,500	2,191	(1,309)
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	30,000	30,000
Miscellaneous	0	1,329	1,329
<b>Total Revenues</b>	<b>31,208</b>	<b>61,228</b>	<b>30,020</b>
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	146,915	86,012	60,903
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
<u>Support Services:</u>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	17,316	16,653	663
Extracurricular Activities	0	0	0
Capital Outlay	246,300	244,438	1,862
<u>Debt Service:</u>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>410,531</b>	<b>347,103</b>	<b>63,428</b>
Excess of Revenues Over (Under) Expenditures	(379,323)	(285,875)	93,448
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	0	0
Proceeds from Sale of Notes	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfer In	0	0	0
Operating Transfer Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(379,323)	(285,875)	93,448
Fund Balances at Beginning of Year	208,797	208,797	0
Prior Year Encumbrances Appropriated	171,038	171,038	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$512</b>	<b>\$93,960</b>	<b>\$93,448</b>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,443,921	\$3,321,945	(\$121,976)
1,398,135	1,398,135	0
3,889,195	4,127,759	238,564
17,170	18,732	1,562
16,930	31,326	14,396
740	905	165
123,158	130,543	7,385
1,700	31,700	30,000
835	6,450	5,615
<u>8,891,784</u>	<u>9,067,495</u>	<u>175,711</u>
3,815,642	3,682,319	133,323
521,287	516,598	4,689
187,093	185,263	1,830
105,600	105,515	85
270,106	268,114	1,992
218,887	217,442	1,445
9,920	9,135	785
785,128	777,803	7,325
272,042	269,343	2,699
12,512	12,512	0
943,126	939,472	3,654
1,062,030	1,060,467	1,563
200,278	192,203	8,075
248,824	239,912	8,912
246,500	244,638	1,862
713,058	518,668	194,390
544,688	539,625	5,063
<u>10,156,721</u>	<u>9,779,029</u>	<u>377,692</u>
<u>(1,264,937)</u>	<u>(711,534)</u>	<u>553,403</u>
3,500	3,500	0
628,000	628,000	0
9,987	9,987	0
(9,987)	(9,987)	0
1,156	1,156	0
(62,276)	(62,273)	3
<u>570,380</u>	<u>570,383</u>	<u>3</u>
(694,557)	(141,151)	553,406
564,687	564,687	0
<u>203,388</u>	<u>203,388</u>	<u>0</u>
<u>\$73,518</u>	<u>\$626,924</u>	<u>\$553,406</u>

**Northridge Local School District, Ohio**  
Statement of Revenues, Expenses  
and Changes in Fund Equity  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000

	Enterprise
<u>Revenues:</u>	
Sales	\$250,378
<u>Expenses:</u>	
Salaries	129,115
Fringe Benefits	64,580
Purchased Services	4,900
Materials and Supplies	14,855
Cost of Sales	147,011
Depreciation	16,845
Other	803
Total Expenses	378,109
Operating Loss	(127,731)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	24,397
Federal and State Subsidies	52,330
Total Non-Operating Revenues	76,727
Loss before Operating Transfers In	(51,004)
Operating Transfer In	61,117
Net Income	10,113
Retained Earnings (Deficit) at Beginning of Year	(20,000)
Retained Earnings (Deficit) at End of Year	(9,887)
Contributed Capital at Beginning of Year	271,534
Contributions During the Year:	
Governmental Fund	6,499
Contributed Capital at End of Year	278,033
Total Fund Equity at End of Year	\$268,146

See accompanying notes to the general purpose financial statements

**Northridge Local School District, Ohio**  
Statement of Revenues, Expenses and Changes in  
Fund Equity - Budget and Actual (Budget Basis)  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000

	Enterprise Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Sales	\$250,108	\$250,216	\$108
Federal and State Subsidies	46,457	58,377	11,920
<b>Total Revenues</b>	<b>296,565</b>	<b>308,593</b>	<b>12,028</b>
<b>Expenses:</b>			
Salaries	146,780	141,526	5,254
Fringe Benefits	0	61,117	(61,117)
Purchased Services	5,762	5,350	412
Materials and Supplies	144,991	137,397	7,594
Other	803	803	0
<b>Total Expenses</b>	<b>298,336</b>	<b>346,193</b>	<b>(47,857)</b>
Excess of Revenues Under Expenses	(1,771)	(37,600)	(35,829)
Operating Transfer-In	0	61,117	61,117
Excess of Revenues Over (Under) Expenses and Operating Transfers	(1,771)	23,517	25,288
Fund Equity at Beginning of Year	18,736	18,736	0
Prior Year Encumbrances Appropriated	1,131	1,131	0
<b>Fund Equity at End of Year</b>	<b>\$18,096</b>	<b>\$43,384</b>	<b>\$25,288</b>

See accompanying notes to the general purpose financial statements

**Northridge Local School District, Ohio**  
Statement of Cash Flows  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000

	<u>Enterprise</u>
<u>Increase in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Sales	\$250,216
Cash Payments for Employee Services and Benefits	(202,643)
Cash Payments to Suppliers for Goods and Services	(142,119)
Other Operating Expenses	(803)
	(95,349)
Net Cash Used for Operating Activities	(95,349)
<u>Cash Flows from Noncapital Financing Activities</u>	
Operating Grants Received	58,377
Operating Transfer-In	61,117
	119,494
Total Cash Flows from Noncapital Financing Activities	119,494
Net Increase in Cash and Cash Equivalents	24,145
Cash and Cash Equivalents Beginning of Year	19,868
Cash and Cash Equivalents End of Year	\$44,013
Reconciliation of Operating	
Loss to Net Cash	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$127,731)
Adjustments to Reconcile Operating Loss	
<u>to Net Cash Used for Operating Activities:</u>	
Depreciation	16,845
Donated Commodities Used During the Year	24,397
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(162)
Increase in Materials and Supplies Inventory	(29)
Decrease in Inventory Held for Resale	491
Decrease in Accounts Payable	(327)
Decrease in Accrued Salaries and Benefits Payable	(3,930)
Increase in Intergovernmental Payable	4,036
Increase in Deferred Revenue	115
Decrease in Compensated Absences Payable	(9,054)
	(9,054)
Net Cash Used for Operating Activities	(\$95,349)
Noncash Capital Financing Activities:	
The food service fund received \$6,499 in fixed asset purchases paid for by another Governmental Fund.	

See accompanying notes to the general purpose financial statements

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1962 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 120 square miles. It is located in Licking, Knox, and Delaware Counties, and includes all of the Villages of Alexandria, and Croton and Burlington Township. The School District is staffed by 43 classified employees, 97 certificated full-time teaching personnel, and 8 administrative employees who provide services to 1,337 students and other community members. The School District currently operates five instructional buildings, one administrative buildings, and one garage.

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

**Reporting Entity:**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Northridge Local School District, this includes general operations, food service, 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 three jointly governed organizations, one related organization, and one insurance purchasing pool. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, Central Ohio Special Education Regional Resource Center, Alexandria Public Library, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18, 19, and 20 to the general purpose financial statements.



**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation - Fund Accounting**

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

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

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

**Governmental Fund Types:**

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

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

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

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

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Proprietary Fund Type:**

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

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

**Fiduciary Fund Types:**

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

**Account Groups:**

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, income tax, and student fees.

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

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

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

**C. Budgetary Data**

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for rate determination.

**Estimated Resources:**

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

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, function, and object level, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Encumbrances:**

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

**Lapsing of Appropriations:**

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

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for some capital projects monies used for construction, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the balance sheet.

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

During fiscal year 2000, investments were limited to nonparticipating certificates of deposit, which are reported at cost.

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 2000 amounted to \$22,571, which includes \$16,225 assigned from other School District funds. The classroom facilities capital projects fund also received interest during fiscal year 2000 of \$2,191.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Inventory**

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

**F. Prepaid Items**

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

**G. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include the amounts required by statute to be set aside by the School District to create a reserve for budget stabilization and capital improvement. See Note 21 for the calculation of the year end restricted asset balance and the corresponding fund balance reserves.

**H. Fixed Assets and Depreciation**

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

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

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**I. Intergovernmental Revenues**

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Ohio Reads
- Data Communications
- Instruction Material Subsidy
- SchoolNet Professional Development
- Drug-Free Schools
- Education Management Information Systems
- Eisenhower
- Teacher Development
- Title I
- Title VI
- Title VI-B
- Title VI-R

Capital Projects Funds

- SchoolNet
- Telecommunity Program
- Video Distance Learning

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Funds

- Telecommunication E-Rate
- Continuous Improvement Grant

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Grants and entitlements received in governmental funds amounted to forty-six percent of the governmental fund revenue during the 2000 fiscal year.

**J. Interfund Assets/Liabilities**

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

**K. Compensated Absences**

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

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

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

**L. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than two months after fiscal year end are considered not to have used current available financial resources. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

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



**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**M. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. Fund Balance Reserves**

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

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

**O. Contributed Capital**

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

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

**P. Estimates**

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Q. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCES**

The general long-term obligations account group total liabilities increased from \$15,751,326 to \$15,904,484 as of June 30, 1999, due to the understatement of early retirement incentive, compensated absences, and the classroom facility loan.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Fund Deficits**

The following funds had deficit fund balances as of June 30, 2000:

	<u>Deficit Fund Balances</u>
<u>General Fund:</u>	
General	\$581,253
<u>Special Revenue Fund :</u>	
Title I	9,211

The deficit in the special revenue fund was the result of the recognition of payables in accordance with 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 deficit in the general fund is also due to the recognition of payables in accordance with Generally Accepted Accounting Principles. The general fund has an outstanding loan from the State Solvency Assistance Fund and an income tax anticipation note. As soon as they are repaid, the deficit should be removed.

The School District borrowed money from the State Solvency Assistance Fund in order to meet the current year's operating expenditures. The School District's Financial Planning and Supervision Commission has been implemented to oversee the School District's financial condition and to develop a plan to bring the School District out of fiscal emergency.

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

**B. Legal Compliance**

The debt service fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2000.

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Debt Service Fund:			
Bond Retirement	\$1,208,183	\$1,270,082	\$61,899

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

	<u>Excess</u>
<u>General Fund:</u>	
General	
Instruction	
Regular Instruction	
Purchased Services	\$983
Special Instruction	
Salaries	2,282
Support Services	
Operation and Maintenance	
Purchased Services	236
<u>Enterprise Fund:</u>	
Food Service	
Fringe Benefits	61,117

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

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$97,662)	\$57,104	\$32,980	(\$185,708)
Revenue Accruals	(1,850)	(4,229)	17,564	0
Reclass Debt Service Revenue	(240,188)	0	240,188	0
Expenditure Accruals	(173,377)	(12,545)	0	(65,073)
Prepaid Items	(12,374)	(1,912)	0	0
Note Proceeds	628,000	0	0	0
Advances In	0	0	9,987	0
Advances Out	(9,987)	0	0	0
Debt Service reclass	(5,063)	0	5,063	0
Unrecorded Expenditure	(17)	0	0	0
Debt Service Principal	0	0	(225,000)	0
Debt Service Interest	0	0	(15,187)	0
Encumbrances	(36,837)	(9,934)	0	(35,094)
Budget Basis	<u>\$50,645</u>	<u>\$28,484</u>	<u>\$65,595</u>	<u>(\$285,875)</u>

**Northridge Local School District, Ohio**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

Net Income/Excess of Revenues Over Expenses and Operating Transfers Proprietary Fund Type	Enterprise
GAAP Basis	\$10,113
Revenue Accrual	5,885
Expense Accrual	(9,159)
Materials and Supplies Inventory	(29)
Inventory Held for Resale	491
Depreciation Expense	16,845
Encumbrances	(629)
Budget Basis	\$23,517

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$782,724 and the bank balance was \$868,666. Of the bank balance, \$200,000 was covered by federal depository insurance and \$668,666 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**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.

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

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

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

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

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

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 7 - PROPERTY TAXES** (continued)

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$107,958,980	95.7%	\$129,914,190	97.2%
Public Utility	3,604,890	3.2	2,470,152	1.8
Tangible Personal Property	1,247,060	1.1	1,316,445	1.0
Total Assessed Value	<u>\$112,810,930</u>	<u>100.0%</u>	<u>\$133,700,787</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$42.70		\$42.70	

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 Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Also intended to finance current fiscal year operations is the June 30 personal property tax settlement that was not received until July, 2000 in the amount of \$16,748 in the general fund, \$131 in the classroom facility maintenance special revenue fund, \$2,753 in the bond retirement debt service fund. The amount available as an advance at June 30, 2000, \$240,576 was available to the School District and is recognized as revenue. \$196,266 was available to the general fund, \$861 was available to the classroom facility maintenance special revenue fund, and \$43,449 was available to the bond retirement debt service fund June 30, 2000.

**NOTE 8 - INCOME TAX**

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



**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 9 - RECEIVABLES**

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

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<b>General Fund</b>	
Driver's Education	\$5,050
Bus Reimbursement	3,490
Milage Reimbursements	1,675
Total General Fund	10,215
<b>Special Revenue Funds</b>	
Data Communications Support	4,500
Total Intergovernmental Receivables	\$14,715

**NOTE 10 - FIXED ASSETS**

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

Furniture and Equipment	\$356,159
Less Accumulated Depreciation	(97,621)
Net Fixed Assets	\$258,538

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

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$65,989	\$22,161	\$0	\$88,150
Buildings and Improvements	14,143,292	4,302,480	0	18,445,772
Furniture, Fixtures and Equipment	1,785,838	167,787	0	1,953,625
Vehicles	674,579	0	80,723	593,856
Construction in Progress	4,170,991	0	4,170,991	0
Total General Fixed Assets	\$20,840,689	\$4,492,428	\$4,251,714	\$21,081,403

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**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. During fiscal year 2000, the School District contracted with Nationwide Insurance for all insurances except automobile insurance which was contracted through State Farm Insurance. Coverages provided are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$24,379,000
School Equipment (\$250 deductible)	500,000
Boiler and Machinery (\$1,000 deductible)	15,558,600
Extra Expense (\$1,000 deductible)	100,000
Automobile Liability Bodily Injury	
Per occurrence (\$50 deductible comprehensive and \$250 collision)	100,000
Aggregate Per Year (\$50 deductible comprehensive and \$250 collision)	300,000
Uninsured Motor Vehicle Bodily Injury	
Per occurrence	100,000
Aggregate Per Year	300,000
General Liability	
Per occurrence	2,000,000
Aggregate Per Year	5,000,000

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

For fiscal year 2000, the School District participated in the Ohio School Boards Association 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$19,557, \$104,911 and \$84,674, respectively; 93 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$1,461 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$242,734, \$230,869 and \$436,665, respectively; 81 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$45,370 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

**C. Social Security System**

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

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$323,645 for fiscal year 2000.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$61,676.

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 13 - POSTEMPLOYMENT BENEFITS**

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**NOTE 14 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Health Care Benefits**

The School District provides health and drug insurance for all eligible employees through Anthem Blue Cross/Blue Shield. The School District pays medical and drug monthly premiums for staff of \$339.30 for family coverage and \$165.89 for single coverage. The School District also provides dental insurance for all eligible employees through Medical Benefit Mutual. The School District's share of the monthly premium for dental insurance coverage is \$28.98 for family and \$11.07 for single employees. The School District also provides vision insurance through Vision Plus. The School District pays \$5.30 per month for all eligible employees. The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life. Premiums are paid from the same funds that pay the employees' salaries.

**C. Early Retirement Incentive**

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

**Northridge Local School District, Ohio**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**

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**NOTE 14 - EMPLOYEE BENEFITS** (continued)

STRS and SERS members who elected to have the Board of Education purchase two years of retirement credit and retired on or before June 30, 2000 received severance pay equal to one-fourth of accumulated sick leave.

**NOTE 15 - FUND OBLIGATIONS**

A summary of the fund obligation transactions for the fiscal year ended June 30, 2000, follows:

<u>General Fund:</u>	<u>Outstanding 6/30/99</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 6/30/00</u>
Income Tax Anticipation Note - 4.5%	\$450,000	\$0	\$225,000	\$225,000
State Solvency Advance - interest free	<u>0</u>	<u>\$628,000</u>	<u>0</u>	<u>\$628,000</u>
Total Obligations	<u>\$450,000</u>	<u>\$628,000</u>	<u>\$225,000</u>	<u>\$853,000</u>

The income tax anticipation note was issued for a two year period and will mature on December 1, 2000. It was issued to help the School District meet current expenses. The note repayment is being made through the income tax revenues to the general fund.

The State Solvency Advance, which is an interest free loan from the State, was issued due to the School District being declared in a fiscal emergency during fiscal year 2000. The payments will begin on August 1, 2000 and mature on June 2, 2002. The loan will be repaid directly through monthly reductions from the State Foundation revenues in the general fund.

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 16 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Energy Conservation Note Payable	\$690,000	\$0	\$55,000	\$635,000
Classroom Facility Improvement Bonds	8,635,000	0	205,000	8,430,000
Classroom Facility Loan	5,956,821	0	33,668	5,923,153
Pension Obligation	78,719	22,562	78,719	22,562
Early Retirement Incentive	30,433	65,525	30,433	65,525
Compensated Absences	513,511	70,930	3,165	581,276
Total General Long-Term Obligations	<u>\$15,904,484</u>	<u>\$159,017</u>	<u>\$405,985</u>	<u>\$15,657,516</u>

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

The School District issued Classroom Facility Improvement Bonds for \$9,112,344 as a result of the School District being approved for a \$6,000,000 school facilities loan through the State Department of Education for the purpose of an addition and improvement to the junior high school building. The School District issued the bonds on November 2, 1995, to satisfy a local matching requirement for the school facilities loans. As a requirement of the loans, the School District was required to pass a 4 mill levy. 3.5 mills will be used to repay the debt issue which provides the matching funds required of the School District as a condition of the State Loan. The remaining .5 mill is used for the retirement of the loan, will be in effect for twenty-three years or until the loans with the State are repaid, whichever comes first. If a balance remains after twenty-three years, the unpaid balance on the loan will be forgiven.

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 16 - LONG-TERM OBLIGATIONS** (continued)

The School District has been repaying this loan since 1995 and as of June 30, 2000 a \$5,923,153 balance remained. During fiscal year 2000, \$33,668 was repaid by the School District. Effective January 1, 1999, the School District qualified to retain half of the one-half mill locally for maintenance of classroom facilities constructed or renovated through building assistance. If the School District's adjusted valuation per pupil increases above the statewide median adjusted valuation per pupil in a given year, the School District will be notified that all such proceeds shall be used for repayment of the loan. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of all of the State's contribution. The payments were made by the Licking, Delaware, and Know County Auditors directly to the State Department of Education from the School District's tax settlement proceeds.

The School District's overall legal debt margin was \$3,863,621, with an unvoted debt margin of \$133,701 at June 30, 2000.

Debt service requirements to maturity on the classroom facility improvement bond and energy conservation note, including \$5,584,162 in interest, are as follows:

Year Ending <u>June 30</u>	General Long-Term Obligations <u>Account Group</u>
2001	\$792,049
2002	793,167
2003	797,780
2004-6	2,428,464
2007-9	2,378,907
2010-12	2,201,804
2013-15	2,228,986
2016-18	2,266,731
2019	<u>761,274</u>
Total	<u><u>\$14,649,162</u></u>

Compensated absences, the early retirement incentive, and the pension obligation will be paid from the fund which pays the employees' salaries.



**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 17 - INTERFUND ACTIVITY**

Interfund balances at June 30, 2000, consist of the following individual fund receivables and payables:

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

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Licking Area Computer Association**

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

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The School District's payments to LACA for computer services for fiscal year 2000 was \$28,625. Financial statements for LACA can be obtained from their fiscal agent - the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

**B. Metropolitan Educational Council**

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 135 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The School District does not participate in the insurance pool. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2000 was \$548. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

**C. Central Ohio Special Education Regional Resource Center**

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**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.

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (continued)

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$58,147
Current Year Set-aside Requirement	170,691	170,691	0
Current Year Offsets	0	(36,467)	0
Qualifying Disbursements	(217,345)	(132,577)	0
Balance Carried Forward to FY 2001	<u>(\$46,654)</u>	<u>\$1,647</u>	<u>\$58,147</u>
Cash balances to carry forward to FY 2001	<u>\$0</u>	<u>\$1,647</u>	<u>\$58,147</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$59,794.

**NOTE 22 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**B. Litigation**

As of June 30, 2000, the School District was not a party to any litigation.

**Northridge Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 23 - STATE FOUNDATION FUNDING**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 2000, the School District received \$3,167,032 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$6,000,000 in loans under this program.

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

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

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

**NOTE 24 - SUBSEQUENT EVENTS**

The School District's Financial Planning and Supervision Commission adopted a School District Plan on August 3, 2000 for the School District's five year financial recovery plan.

Newly passed legislation eliminates the requirement that money loaned to the School District as part of the Classroom Facilities Program be repaid.



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

**Board of Education  
Northridge Local School District  
Johnstown, Ohio**

We have audited the general purpose financial statements of Northridge Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated December 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Northridge Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-7606-001 through 2000-7606-004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Northridge Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Northridge Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-7606-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Northridge Local School District in a separate letter dated December 13, 2000.

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

**Jones, Cochenour & Co.  
December 13, 2000**

**NORTHRIDGE LOCAL SCHOOL DISTRICT  
JUNE 30, 2000**

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

<b>FINDING NUMBER</b>	<b>2000-7606-001</b>
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Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury, or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board.

The District had 34 instances out of 60 tested where expenditures were made prior to certification. These commitments were not subsequently approved by the Board within the aforementioned 30 day time period. We recommend the District obtain proper certification of funds prior to expenditure.

<b>FINDING NUMBER</b>	<b>2000-7606-002</b>
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Ohio Rev. Code Section 9.38 states that a person shall deposit all public monies received by that person with the treasurer of the public office on the next business day following the day of the receipt, if the total amount of such monies exceeds one thousand dollars. If the total amount of the public monies so received does not exceed one thousand dollars, the person shall deposit the monies on the next business day following the day of the receipt, unless the public office adopts a policy permitting a different time period. The time period cannot exceed three business days following the day of the receipt. The person must also be able to safeguard the monies until they are deposited. During our receipt testing, there were eight instances out of forty tested that were not deposited timely. We recommend the District implement policies and procedures to be followed for collection and depositing of funds. The following represents the longest time period for a deposit:

<u>Event Type</u>	<u>Event Date</u>	<u>Deposit Date</u>
Boys Jr. Vars. Basketball	12/20/99	1/14/00

**NORTHRIDGE LOCAL SCHOOL DISTRICT  
JUNE 30, 2000**

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

<b>FINDING NUMBER</b>	<b>2000-7606-003</b>
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Ohio Rev. Code Section 133.10 authorizes the taxing authority of any subdivision to issue notes in anticipation of the collection of current property taxes and/or any other current revenues. The notes must mature no later than 6 months after issue, and in no case may they mature after the end of the fiscal year. The District issued income tax anticipation notes in March of 1998 that matures in August of 2001, which makes the maturity date in excess of 6 months, and after the end of the current fiscal year.

<b>FINDING NUMBER</b>	<b>2000-7606-004</b>
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Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated revenue. The District had noted one instance where appropriations exceeded estimated resources as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Revenue</u>	<u>Variance</u>
002-0000	\$ 1,034,458.47	\$ 987,850.98	\$ (46,607.49)

<b>FINDING NUMBER</b>	<b>2000-7606-005</b>
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**REPORTABLE CONDITION - MATERIAL WEAKNESS - CASH DISBURSEMENT CYCLE**

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

We recommend that the District follow its purchasing cycle.



**NORTHRIDGE LOCAL SCHOOL DISTRICT  
JUNE 30, 2000**

**STATUS OF PRIOR AUDIT FINDINGS AND CITATIONS**

<b>FINDINGS AND CITATIONS</b>	<b>STATUS</b>	<b>EXPLANATION IF NOT FULLY IMPLEMENTED</b>
<b><u>CITATION</u></b>		
1. Ohio Rev. Code Section 5705.41(D)	Not Corrected	Treasurer will monitor.
2. Ohio Rev. Code Section 5705.40	Corrected	N/A
3. Ohio Rev. Code Section 133.10	Not Corrected	Bond matures August 2001.
4. Vending Machine Inventory	Corrected	N/A
5. Cash Disbursement Cycle	Not Corrected	No response.

**NORTHRIDGE LOCAL SCHOOL DISTRICT**

**CONCLUSION STATEMENT**

**A post-audit conference with the Northridge Local School District officials was conducted on January 16, 2001 at which time they were notified they had five business days to respond to the preliminary report. All responses were reviewed.**





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140  
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800-282-0370  
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**NORTHRIDGE LOCAL SCHOOL DISTRICT**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 1, 2001**