



Mary Taylor, CPA
Auditor of State

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets - June 30, 2008	11
Statement of Activities - For the Fiscal Year Ended June 30, 2008	12
Balance Sheet – Governmental Funds – June 30, 2008	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities – June 30, 2008	14
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds – For the Fiscal Year Ended June 30, 2008.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – For the Fiscal Year Ended June 30, 2008	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund – For the Fiscal Year Ended June 30, 2008	17
Statement of Fiduciary Assets and Liabilities – Agency Fund – June 30, 2008	18
Notes to the Basic Financial Statements	19
Schedule of Federal Awards Receipts and Expenditures – For the Year Fiscal Ended June 30, 2008	45
Notes to the Schedule of Federal Awards Receipts and Expenditures	46
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	47
Independent Accountants' Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	49
Schedule of Findings.....	51

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mary Hellyer, Treasurer
Northridge Local School District
2011 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, as of June 30, 2008, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Managements Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditure Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards receipts and expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

January 23, 2009

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The discussion and analysis of Northridge Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets decreased \$154,165, which represents a 1.6 percent decrease from fiscal year 2007.
- General revenues accounted for \$16,985,480 in revenue or 76.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants, interest, and contributions, and capital grants, interest, and contributions accounted for \$5,287,869 or 23.7 percent of total revenues of \$22,273,349.
- The School District had \$22,427,514 in expenses; only \$5,287,869 of these expenses was offset by program specific charges for services, grants, interest, or contributions.
- The General Fund had \$17,297,386 in revenues and \$17,322,618 in expenditures. The General Fund's balance decreased (\$25,232) from fiscal year 2007.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 8. Fund financial statements provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

Governmental Funds

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

Fiduciary Funds

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for fiscal years 2008 and 2007:

**Table 1
Net Assets
Governmental Activities**

	2008	2007	Change
Assets:			
Current and Other Assets	\$17,640,726	\$18,880,427	(\$1,239,701)
Capital Assets	13,201,772	13,501,504	(299,732)
Total Assets	30,842,498	32,381,931	(1,539,433)
Liabilities:			
Other Liabilities	8,400,830	9,414,963	(1,014,133)
Long-Term Liabilities	12,733,251	13,104,386	(371,135)
Total Liabilities	21,134,081	22,519,349	(1,385,268)
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,033,229	2,003,034	30,195
Restricted	1,568,670	1,502,938	65,732
Unrestricted	6,106,518	6,356,610	(250,092)
Total Net Assets	\$ 9,708,417	\$ 9,862,582	(\$ 154,165)

Total assets of governmental activities decreased by \$1,539,433, because of the decrease in capital assets which was the result of fiscal year 2008 depreciation expense outpacing additions and the significant decrease in property taxes receivable due to the continued phase out of tangible personal property tax. Liabilities decreased by \$1,385,268 from fiscal year 2007. The decrease was mainly the result of the \$335,000 debt payments and a decrease in deferred revenue. Deferred revenue represents the amount of property tax revenue expected for collection during fiscal year 2008. The decrease is the result of the continued phase out of the personal property tax due to House Bill 66.

In total, net assets decreased \$154,165. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, decreased by \$250,092. The primary result of this decrease was in regards to an increase in accrued wages and benefits due to the hiring of additional teachers and an intervention specialist along with staff raises. Invested in capital assets increased by \$30,195 due to debt service payments being slightly higher than the decrease in capital assets resulting from current fiscal year depreciation expense. Restricted net assets increased \$65,732, mainly the result of the annual sinking fund payments to the escrow agent.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Table 2 shows the changes in net assets for the fiscal years 2008 and 2007.

Table 2			
Changes in Net Assets			
	2008	2007	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 619,557	\$ 650,437	(\$ 30,880)
Operating Grants, Interest and Contributions	4,648,554	4,473,817	174,737
Capital Grants, Interest and Contributions	19,758	35,429	(15,671)
Total Program Revenues	5,287,869	5,159,683	128,186
General Revenues:			
Property Taxes	8,905,225	10,382,413	(1,477,188)
Grants and Entitlements not Restricted to Specific Programs	7,672,622	6,651,961	1,020,661
Investment Earnings	365,691	488,705	(123,014)
Gifts and Donations		21,239	(21,239)
Miscellaneous	41,942	41,438	504
Total General Revenues	16,985,480	17,585,756	(600,276)
Total Revenues	22,273,349	22,745,439	(472,090)
Program Expenses:			
Instruction:			
Regular	9,079,911	9,000,616	79,295
Special	2,930,025	2,878,782	51,243
Vocational	300,275	449,621	(149,346)
Student Intervention Services	376,926	315,006	61,920
Support Services:			
Pupils	1,482,221	1,479,648	2,573
Instructional Staff	575,504	605,213	(29,709)
Board of Education	28,022	24,149	3,873
Administration	1,727,071	1,704,913	22,158
Fiscal	412,331	406,543	5,788
Business	198,642	219,807	(21,165)
Operation and Maintenance of Plant	2,177,807	1,988,013	189,794
Pupil Transportation	957,253	853,619	103,634
Central	42,862	51,316	(8,454)
Operation of Non-Instructional Services	1,000,315	879,616	120,699
Extracurricular Activities	789,148	784,705	4,443
Interest and Fiscal Charges	349,201	354,117	(4,916)
Total Expenses	22,427,514	21,995,684	\$ 431,830
Change in Net Assets	(154,165)	749,755	
Net Assets at Beginning of Year	9,862,582	9,112,827	
Net Assets at End of Year	\$9,708,417	\$9,862,582	

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Governmental Activities

In total, revenues decreased by \$472,090 and expenses increased by \$431,830 for a net difference of \$903,920 from fiscal year 2007.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes made up 40 percent of revenues for governmental activities for the School District for fiscal year 2008. The decrease in property tax revenue of \$1,477,188 was due to the continued phase out of tangible personal property tax.

The increase in operating grants, interest and contributions was the result in the School District receiving more State and Federal grant monies.

The increase in grants and entitlements was due to increased personal property tax reimbursements from the State of Ohio under House Bill 66.

Investment earnings decreased due to a decrease in interest rates from fiscal year 2007.

Overall expenses increased \$431,830 or 1.9 percent from fiscal year 2007. The major variances from fiscal year 2007 to fiscal year 2008 were vocational instruction, operational maintenance of plant, pupil transportation, and operation of non-instructional services.

Vocational expenses decreased primarily because of a significant decrease in the number of students participating in vocational programs.

During fiscal year 2008, Operation and Maintenance of Plant showed an increase primarily due to increased utility costs.

Pupil Transportation increased from fiscal year 2007 primarily due to increased fuel costs during fiscal year 2008.

Operation of non-instructional services increased from fiscal year 2007 primarily due to the increased costs of food during fiscal year 2008.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Table 3

	<u>Total Cost of Services 2008</u>	<u>Net Cost of Services 2008</u>	<u>Total Cost of Services 2007</u>	<u>Net Cost of Services 2007</u>
Instruction	\$12,687,137	(\$ 9,464,025)	\$12,644,025	(\$ 9,625,620)
Support Services:				
Pupils	1,482,221	(1,183,899)	1,479,648	(1,113,555)
Instructional Staff	575,504	(377,548)	605,213	(431,524)
Board of Education	28,022	(28,022)	24,149	(24,149)
Administration	1,727,071	(1,565,942)	1,704,913	(1,499,056)
Fiscal	412,331	(412,331)	406,543	(321,587)
Business	198,642	(198,642)	219,807	(219,807)
Operation and Maintenance of Plant	2,177,807	(2,131,255)	1,988,013	(1,912,492)
Pupil Transportation	957,253	(728,522)	853,619	(601,072)
Central	42,862	(36,917)	51,316	(45,220)
Operation of Non-Instructional Services	1,000,315	(43,055)	879,616	(38,585)
Extracurricular Activities	789,148	(620,286)	784,705	(649,217)
Interest and Fiscal Charges	349,201	(349,201)	354,117	(354,117)
Total Expenses	<u>\$22,427,514</u>	<u>(\$17,139,645)</u>	<u>\$21,995,684</u>	<u>(\$16,836,001)</u>

The School District's Funds

Information about the School District's funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$22,306,129 and expenditures of \$22,494,608. The net change in fund balances for fiscal year 2008 in the General Fund was a decrease of \$25,232. The School District used tight budgetary controls in order to match actual revenues and expenditures.

General Fund Budgeting Highlights

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

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

For the General Fund, the budget basis revenue increased \$367,785 from the original budgeted estimates. The change was mainly in property tax revenue due to the over-estimate of the reduction in tangible personal property tax as a result of the phase out. Actual revenues matched final budget basis revenue.

During the course of the fiscal year 2008, the School District amended its annual appropriations several times. Adjustments of \$2,598,744 from original appropriations were made to accurately come up with final appropriations of \$18,436,578. The final appropriations were made in June. The adjustment was necessary primarily because the School District originally overestimated instructional appropriations.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Capital Assets

At the end of the fiscal year 2008, the School District had \$13,201,772 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles.

Table 4 shows fiscal year 2008 balances compared to fiscal year 2007.

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

	2008	2007
Land	\$ 1,413,567	\$ 1,285,538
Land Improvements	446,919	503,427
Buildings and Improvements	10,353,531	10,854,113
Furniture and Equipment	826,477	768,197
Vehicles	161,278	90,229
Totals	\$13,201,772	\$13,501,504

Overall capital assets decreased \$299,732 from fiscal year 2007 to fiscal year 2008 due to depreciation expense of \$764,588 exceeding additions of \$464,856.

For more information on capital assets, refer to Note 8 of the basic financial statements.

Debt Administration

At June 30, 2008, the School District had \$6,770,000 in bonds and loans outstanding, as well as \$228,209 of accretion on capital appreciation bonds outstanding and a premium on bonds in the amount of \$102,483. \$345,000 represents the amount of bonds and loans due during fiscal year 2009. The School District also had capital leases payable at fiscal year-end of \$4,500,000.

During fiscal year 2004, the School District entered into a lease-purchase agreement with Banc One Leasing Corporation for the financing of \$4,500,000 for building renovations. The School District makes annual interest payments to the lesser in the amount of \$30,600 and annual sinking fund payments to the escrow agent in the amount of \$229,555. On November 19, 2018, the \$4,500,000 principal is due, along with another \$30,600 in interest.

Table 5 summarizes the debt outstanding:

**Table 5
Outstanding Debt, at Fiscal Year-End
Governmental Activities**

	2008	2007
Energy Conservation Loan	\$ 455,000	\$ 560,000
School Improvement Bonds	6,315,000	6,545,000
Premium on Bonds	102,483	107,607
Accretion on Capital Appreciation Bonds	228,209	176,345
Totals	\$7,100,692	\$7,388,952

The School District's overall legal debt margin was \$9,588,574, the energy conservation loan debt margin was \$1,108,223, and the unvoted debt margin was \$173,691 at June 30, 2008. For more information on debt administration, refer to Note 14 of the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Current Financial Issues and Concerns

The School District is proud of its community support of the public schools. The building facilities project as well as the QZAB projects recently completed will help keep the School District facilities in excellent physical condition and allow the Board of Education and administration to provide a stable and safe environment for students to learn. The Board of Education recognizes the expectations of the community and has allocated the resources to meet these expectations.

The School District has planned budget cuts for fiscal year 2009 and fiscal year 2010. House bill 66 created major changes in school funding. A primary source of revenue will be eliminated by 2010, and the State hold harmless clause with it. The School District has formed a long range planning committee to address this important issue and others that will be facing the School District now and in the future.

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

Contacting the School District's Financial Management

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$8,513,297
Cash and Cash Equivalents in Segregated Accounts	2,000
Cash and Cash Equivalents with Escrow Agents	54,976
Accrued Interest Receivable	3,605
Intergovernmental Receivable	180
Accounts Receivable	5,019
Materials and Supplies Inventory	13,604
Inventory Held for Resale	19,141
Property Taxes Receivable	8,009,227
Deferred Charges	101,457
Investments with Escrow Agents	918,220
Nondepreciable Capital Assets	1,413,567
Depreciable Capital Assets, Net	11,788,205
Total Assets	30,842,498
 Liabilities:	
Accounts Payable	51,271
Retainage Payable	197,745
Contracts Payable	46,709
Accrued Wages and Benefits Payable	1,169,036
Matured Compensated Absences Payable	123,000
Accrued Interest Payable	40,580
Intergovernmental Payable	471,178
Deferred Revenue	6,301,311
Long-Term Liabilities:	
Due Within One Year	488,309
Due in More Than One Year	12,244,942
Total Liabilities	21,134,081
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,033,229
Restricted for:	
Debt Service	1,100,462
Capital Outlay	92
Food Service	363,189
Other Purposes	52,290
Set-Asides	52,637
Unrestricted	6,106,518
Total Net Assets	\$9,708,417

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTOMGERY COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest and Contributions</u>	<u>Capital Grants, Interest and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:					
Instruction:					
Regular	\$9,079,911	\$76,014	\$1,174,765	\$12,054	(\$7,817,078)
Special	2,930,025		1,558,547		(1,371,478)
Vocational	300,275		22,529		(277,746)
Student Intervention Services	376,926		379,203		2,277
Support Services:					
Pupils	1,482,221		298,322		(1,183,899)
Instructional Staff	575,504		197,956		(377,548)
Board of Education	28,022				(28,022)
Administration	1,727,071	18,140	142,989		(1,565,942)
Fiscal	412,331				(412,331)
Business	198,642				(198,642)
Operation and Maintenance of Plant	2,177,807		45,392	1,160	(2,131,255)
Pupil Transportation	957,253	129,428	92,759	6,544	(728,522)
Central	42,862		5,945		(36,917)
Operation of Non-Instructional Services	1,000,315	233,668	723,592		(43,055)
Extracurricular Activities	789,148	162,307	6,555		(620,286)
Interest and Fiscal Charges	349,201				(349,201)
Total Governmental Activities	<u>\$22,427,514</u>	<u>\$619,557</u>	<u>\$4,648,554</u>	<u>\$19,758</u>	<u>(17,139,645)</u>
General Revenues:					
Property Taxes Levied for:					
					8,488,404
					416,821
					7,672,622
					365,691
					41,942
					<u>16,985,480</u>
					(154,165)
					9,862,582
					<u>\$9,708,417</u>

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$7,326,788	\$1,133,872	\$8,460,660
Cash and Cash Equivalents in Segregated Accounts		2,000	2,000
Cash and Cash Equivalents with Escrow Agents		54,976	54,976
Receivables:			
Property Taxes	7,558,833	450,394	8,009,227
Accounts	5,019		5,019
Intergovernmental	180		180
Accrued Interest	3,605		3,605
Materials and Supplies Inventory	10,453	3,151	13,604
Inventory Held for Resale		19,141	19,141
Restricted Assets:			
Investments with Escrow Agents	918,220		918,220
Equity in Pooled Cash and Cash Equivalents	52,637		52,637
Total Assets	<u><u>\$15,875,735</u></u>	<u><u>\$1,663,534</u></u>	<u><u>\$17,539,269</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$31,656	\$19,615	\$51,271
Retainage Payable		54,904	54,904
Contracts Payable		46,709	46,709
Accrued Wages and Benefits Payable	902,388	266,648	1,169,036
Matured Compensated Absences Payable	123,000		123,000
Intergovernmental Payable	397,069	74,109	471,178
Deferred Revenue	7,073,953	419,363	7,493,316
Total Liabilities	<u><u>8,528,066</u></u>	<u><u>881,348</u></u>	<u><u>9,409,414</u></u>
Fund Balances:			
Reserved for Encumbrances	412,930	74,180	487,110
Reserved for Property Taxes	484,880	31,031	515,911
Reserved for Debt Service Payments	918,220		918,220
Reserved for Budget Stabilization	52,637		52,637
Unreserved, Undesignated, Reported in:			
General Fund	5,336,161		5,336,161
Special Revenue Funds		436,572	436,572
Debt Service Fund		240,311	240,311
Capital Projects Funds		92	92
Total Fund Balances	<u><u>7,204,828</u></u>	<u><u>782,186</u></u>	<u><u>7,987,014</u></u>
Total Liabilities and Fund Balances	<u><u>\$15,732,894</u></u>	<u><u>\$1,663,534</u></u>	<u><u>\$17,396,428</u></u>

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008**

Total Governmental Fund Balances	\$7,987,014
----------------------------------	-------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$1,413,567	
Land Improvements	1,504,569	
Buildings and Improvements	18,693,172	
Furniture and Equipment	5,694,809	
Vehicles	864,696	
Accumulated Depreciation	<u>(14,969,041)</u>	
Total Capital Assets		13,201,772

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Property Taxes		1,192,005
----------------	--	-----------

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	101,457
---	---------

Long-term liabilities, including bonds and loans payable, accrued interest payable, and capital leases are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Accrued Interest Payable	(40,580)	
Energy Conservation Loan	(455,000)	
General Obligation Bonds	(6,645,692)	
Capital Leases	(4,500,000)	
Compensated Absences	<u>(1,132,559)</u>	
Total Liabilities		<u>(12,773,831)</u>

Net Assets of Governmental Activities	<u><u>\$9,708,417</u></u>
---------------------------------------	---------------------------

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property Taxes	\$8,523,207	\$414,798	\$8,938,005
Intergovernmental	8,097,568	4,213,656	12,311,224
Investment Earnings	365,691	7,499	373,190
Tuition and Fees	205,442		205,442
Extracurricular Activities	3,480	99,174	102,654
Charges for Services		229,672	229,672
Rent	81,789		81,789
Gifts and Donations		22,211	22,211
Miscellaneous	20,209	21,733	41,942
Total Revenues	<u>17,297,386</u>	<u>5,008,743</u>	<u>22,306,129</u>
Expenditures:			
Current:			
Instruction:			
Regular	7,482,534	1,235,483	8,718,017
Special	1,895,839	1,073,764	2,969,603
Vocational	322,194		322,194
Student Intervention Services		373,411	373,411
Support Services:			
Pupils	1,152,799	320,282	1,473,081
Instructional Staff	363,594	198,696	562,290
Board of Education	28,022		28,022
Administration	1,554,611	182,193	1,736,804
Fiscal	407,636	7,270	414,906
Business	200,160		200,160
Operation and Maintenance of Plant	2,123,596	46,183	2,169,779
Pupil Transportation	945,242	86,901	1,032,143
Central	36,917	5,945	42,862
Operation of Non-Instructional Services	1,008	996,555	997,563
Extracurricular Activities	486,437	90,042	576,479
Capital Outlay	169,935	74,207	244,142
Debt Service:			
Principal Retirement	105,000	230,000	335,000
Interest and Fiscal Charges	47,094	251,058	298,152
Total Expenditures	<u>17,322,618</u>	<u>5,171,990</u>	<u>22,494,608</u>
Excess of Revenues Over Expenditures	<u>(25,232)</u>	<u>(163,247)</u>	<u>(188,479)</u>
Fund Balances at Beginning of Year	<u>7,230,060</u>	<u>945,433</u>	<u>8,175,493</u>
Fund Balances at End of Year	<u>\$7,204,828</u>	<u>\$782,186</u>	<u>\$7,987,014</u>

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Net Change in Fund Balances - Total Governmental Funds (\$188,479)

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

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

Capital Outlay	\$464,856	
Current Year Depreciation Expense	<u>(764,588)</u>	
Excess of Capital Outlay under Depreciation Expense		(299,732)

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

These amounts consist of:

Energy Conservation Loan Payments	105,000	
General Obligation Bond Principal Payments	<u>230,000</u>	
		335,000

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

Decrease in Accrued Interest Payable		764
--------------------------------------	--	-----

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

Amortization of Premium on Bonds	5,124	
Accretion on Capital Appreciation Bonds	(51,864)	
Net Amortization of Bond Issuance Costs (Deferred Charges)	<u>(5,073)</u>	
		(51,813)

Some revenues that will not be collected for several months after the School
District's fiscal year-end are not considered "available" revenues and are
Deferred revenues changed by these amounts this year:

deferred in the governmental funds:

Property Taxes		(32,780)
----------------	--	----------

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

Decrease in Compensated Absences		<u>82,875</u>
----------------------------------	--	---------------

Change in Net Assets of Governmental Activities		<u><u>(\$154,165)</u></u>
---	--	---------------------------

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$8,396,577	\$8,657,270	\$8,657,270	
Intergovernmental	7,839,001	8,037,112	8,037,112	
Investment Earnings	445,000	370,774	370,774	
Tuition and Fees	252,295	212,706	212,706	
Extracurricular Activities	2,500	3,480	3,480	
Rent	64,000	81,789	81,789	
Miscellaneous	2,700	6,727	6,727	
Total Revenues	<u>17,002,073</u>	<u>17,369,858</u>	<u>17,369,858</u>	
Expenditures:				
Current:				
Instruction:				
Regular	9,070,069	8,234,325	7,420,192	\$814,133
Special	2,293,524	2,132,289	1,903,067	229,222
Vocational	481,321	298,875	313,971	(15,096)
Support Services:				
Pupils	1,376,910	1,026,457	1,147,581	(121,124)
Instructional Staff	471,288	331,789	369,879	(38,090)
Board of Education	30,815	18,198	25,655	(7,457)
Administration	1,883,096	1,504,585	1,606,692	(102,107)
Fiscal	488,582	527,651	413,173	114,478
Business	246,203	206,314	207,335	(1,021)
Operation and Maintenance of Plant	2,511,684	2,234,451	2,165,232	69,219
Pupil Transportation	1,082,771	885,860	1,007,121	(121,261)
Central	51,408	33,937	42,471	(8,534)
Operation of Non-Instructional Services	1,667	3,500	1,008	2,492
Extracurricular Activities	594,147	503,443	493,669	9,774
Capital Outlay	396,407	339,459	394,462	(55,003)
Debt Service:				
Principal Retirement	17,611	108,276	105,000	3,276
Interest and Fiscal Charges	37,819	47,169	47,094	75
Total Expenditures	<u>21,035,322</u>	<u>18,436,578</u>	<u>17,663,602</u>	<u>772,976</u>
Excess of Revenues Under Expenditures	<u>(4,033,249)</u>	<u>(1,066,720)</u>	<u>(293,744)</u>	<u>772,976</u>
Other Financing Sources (Uses):				
Transfers - Out	(2,625)	(3,700)		3,700
Payment to Escrow Agent	(229,555)	(229,555)	(229,555)	
Refund of Prior Year Expenditures	120,000	74,635	74,635	
Refund of Prior Year Receipts	(131)	(800)	(775)	25
Total Other Financing Sources (Uses)	<u>(112,311)</u>	<u>(159,420)</u>	<u>(155,695)</u>	<u>3,725</u>
Net Change in Fund Balance	(4,145,560)	(1,226,140)	(449,439)	776,701
Fund Balance at Beginning of Year	6,673,050	6,673,050	6,673,050	
Prior Year Encumbrances Appropriated	574,641	574,641	574,641	
Fund Balance at End of Year	<u>\$3,102,131</u>	<u>\$6,021,551</u>	<u>\$6,798,252</u>	<u>\$776,701</u>

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2008**

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$24,355</u></u>
--	------------------------

Liabilities:

Due to Students	<u><u>\$24,355</u></u>
-----------------	------------------------

See accompanying notes to the basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

The Board of Education controls the School District's five instructional buildings and a bus garage staffed by 102 classified employees and 125 certificated full-time personnel who provide services to 1,620 students and other community members.

A. Reporting Entity:

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

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

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

Jointly Governed Organizations:

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

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers'
Compensation Group Rating Plan

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-wide Financial Statements:

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

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

2. Fund Financial Statements:

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. The School District divides its funds into two categories: governmental and fiduciary.

1. Governmental Funds:

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

General Fund - The General Fund is the operating fund of the School District and is used to account for 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.

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

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The School District's only fiduciary fund is an agency fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements:

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

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions:

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

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Deferred Revenue:

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

3. Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, except cash held in a segregated bank account separate from the School District's central bank account as petty cash for School District managed activities, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." Cash received for district managed activities is presented on the balance sheet as "Cash and Cash Equivalents In Segregated Accounts" since it is not required to be deposited into the School District treasury. The School District held money in the sinking fund to be used for the payment of the capital lease for the building renovation project. The balance in this account is presented on the financial statements as "Restricted Assets: Investments with Escrow Agents." Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and not held by the School District are reported as "Cash and Cash Equivalents with Escrow Agents."

During fiscal year 2008, the School District invested in the U.S. Treasury Money Market Mutual Fund and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on the fund's share price.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2008 amounted to \$365,691, which includes \$44,556 assigned from other School District funds.

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

F. Inventory

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

G. Restricted Assets

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

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

On the government-wide financial statements bond premiums are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest earned on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

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

I. Capital Assets

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

J. Accrued Liabilities and Long-term Obligations

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

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

K. Compensated Absences

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

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

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

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

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

M. Fund Balance Reserves

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

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

N. Internal Activity

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

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

O. Estimates

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the final appropriations were passed. Prior to fiscal year-end, the School District requested and received an emended certificate of estimated resources that reflected actual revenue for the fiscal year in all funds.

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

3. ACCOUNTABILITY

At June 30, 2008, the Public Preschool, Miscellaneous State Grants, and Title VI-R Special Revenue Funds had deficit fund balances of \$225, \$17,821 and \$3,147, respectively. The General Fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

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

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.

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

Net Change in Fund Balance	
	General
GAAP Basis	(\$ 25,232)
Revenue Accruals	147,107
Expenditure Accruals	233,228
Encumbrances	(581,173)
Sinking Fund Payment to Escrow Agent	(229,555)
Change in Fair Value of Investments FY07	6,186
Budget Basis	(\$449,439)

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$1,536,102 of the School District's bank balance of \$2,906,611 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

B. Investments

As of June 30, 2008, the School District had the following investments. Except for the investments held by escrow agents for the lease agreement, all investments are in an internal investment pool.

	Fair Value	Maturity
U.S. Treasury Money Market Mutual Fund	\$2,181,706	Average Weighted Maturity 35 Days
STAROhio	4,438,042	Average 53.8 Days
	\$6,619,748	

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

1. Interest Rate Risk

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

2. Credit Risk

The U.S. Treasury Money Market Mutual Fund carries a rating of Aaa by Moody's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute which restricts investments to those that are highly rated or issued by enterprises sponsored by the United States Government.

6. 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 (used in business) located in the School District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in calendar year 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

6. PROPERTY TAXES (Continued)

Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008 was \$484,880 in the General Fund and \$31,031 in the Bond Retirement Fund. The amount available as an advance at June 30, 2007, was \$618,943 in the General Fund and \$39,498 in the Bond Retirement Fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second – Half Collections		2008 First – Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$169,936,370	79.47%	\$170,833,730	86.09%
Public Utility Personal	5,217,250	2.44	3,997,400	2.01
General Business Personal	38,690,867	18.09	23,610,411	11.90
Total	\$213,844,487	100.00%	\$198,441,541	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$63.00		\$63.00	

7. RECEIVABLES

Receivables at June 30, 2008, consisted of property taxes, accounts (tuition and student fees), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. The only intergovernmental receivable for fiscal year 2008 was \$180 due from the Bureau of Workers' Compensation.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance 6/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/08</u>
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 1,285,538	\$128,029		\$ 1,413,567
Capital Assets, Being Depreciated:				
Land Improvements	1,504,569			1,504,569
Buildings and Improvements	18,680,075	13,097		18,693,172
Furniture and Equipment	5,500,753	211,863	(\$17,807)	5,694,809
Vehicles	844,592	111,867	(91,763)	864,696
Total Capital Assets, Being Depreciated	<u>26,529,989</u>	<u>336,827</u>	<u>(109,570)</u>	<u>26,757,246</u>
Less Accumulated Depreciation:				
Land Improvements	(1,001,142)	(56,508)		(1,057,650)
Buildings and Improvements	(7,825,962)	(513,679)		(8,339,641)
Furniture and Equipment	(4,732,556)	(153,583)	17,807	(4,868,332)
Vehicles	(754,363)	(40,818)	91,763	(703,418)
Total Accumulated Depreciation	<u>(14,314,023)</u>	<u>(764,588) *</u>	<u>109,570</u>	<u>(14,969,041)</u>
Capital Assets, Being Depreciated, Net	<u>12,215,966</u>	<u>(427,761)</u>		<u>11,788,205</u>
Governmental Activities Capital Assets, Net	<u>\$13,501,504</u>	<u>(\$299,732)</u>	<u>\$ 0</u>	<u>\$13,201,772</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$407,603
Special	1,136
Vocational	1,308
Student Intervention Services	300
Support Services:	
Pupils	18,282
Instructional Staff	4,434
Administration	13,400
Fiscal	944
Business	623
Operation and Maintenance of Plant	29,914
Pupil Transportation	38,990
Operation of Non-Instructional Services	23,822
Extracurricular Activities	223,832
Total Depreciation Expense	<u>\$764,588</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

9. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Indiana Insurance for property, fleet, and liability insurance.

The types and amounts of coverage includes:

Building and Contents – replacement cost	\$60,767,800
Automobile Liability (\$1,000 deductible)	1,000,000
Uninsured/Underinsured Motorists	500,000
Medical Expense	5,000
Education General Liability:	
Bodily Injury and Property Damage – Each Occurrence	1,000,000
Personal and Advertising Injury Limit – Each Offense	1,000,000
Fire Damage Limit – Any One Event	500,000
Medical Expense – Any One Person/Each Accident	15,000
General Aggregate Limit	2,000,000
Products – Completed Operations Limit	2,000,000
Employee Benefits Liability:	
Each Offense	1,000,000
Aggregate Limit	3,000,000
Employer's Liability and Stop Gap:	
Bodily Injury and Property Damage – Each Occurrence	1,000,000
Disease – Each Employee	1,000,000
Errors and Omissions Liability (\$2,500 deductible):	
Per Occurrence	1,000,000
Aggregate Limit	1,000,000
Employment Practices (\$2,500 deductible):	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Violent Act	
Any Named Member or Covered Member	25,000
Death Benefit	15,000

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

B. Medical Benefits

For fiscal year 2008, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of fifty-five school districts (Note 15). The School District pays monthly premiums to the Trust for employee medical, dental, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

9. RISK MANAGEMENT (Continued)

C. Workers' Compensation

For fiscal year 2008, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control, and actuarial services to the GRP.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$230,286, \$301,023 and \$270,262 respectively; 39.99 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy – For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,095,175, \$1,122,664, and \$1,094,534 respectively; 82.81 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$14,972 made by the School District and \$19,305 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2008, four members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

11. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$145,917, \$146,178, and \$138,929, respectively; 39.99 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$16,593, \$20,364, and \$22,614 respectively; 39.99 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$84,244, \$86,359, and \$84,195 respectively; 82.81 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible 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 up to a maximum of 360 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 90 days for all employees.

B Life Insurance

The School District provides life insurance to most employees through CoreSource.

13. CAPITAL LEASES - LESSEE DISCLOSURE

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

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2008.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 30,600
2010	30,600
2011	30,600
2012	30,600
2013	30,600
2014-2018	153,000
2019	4,530,600
Total	4,836,600
Less: Amount Representing Interest	(336,600)
Present Value of Minimum Lease Payments	<u>\$4,500,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Interest</u>	<u>Sinking Fund Payments</u>	<u>Total Lease Payments</u>
2009	\$30,600	\$229,555	\$260,155
2010	30,600	229,555	260,155
2011	30,600	229,555	260,155
2012	30,600	229,555	260,155
2013	30,600	229,555	260,155
2014-2018	153,000	1,147,775	1,300,775
2019	30,600	30,600	30,600
	<u>\$336,600</u>	<u>\$2,295,550</u>	<u>\$2,632,150</u>

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

<u>Types/Issues</u>	<u>Balance 6/30/07</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/08</u>	<u>Due Within One Year</u>
Governmental Activities:					
2003 Energy Conservation Loan 3.25%	\$ 560,000		\$105,000	\$ 455,000	\$110,000
2003 School Improvement Bonds:					
Serial Bonds 2.00-4.40%	4,785,000		230,000	4,555,000	
Term Bonds 4.75%	1,370,000			1,370,000	
Capital Appreciation Bonds 9.27-10.08%	390,000			390,000	135,000
Accretion on Capital Appreciation Bonds	176,345	\$ 51,864		228,209	100,000
Premium on Bonds	107,607		5,124	102,483	
Total Long-Term Debt	7,388,952	51,864	340,124	7,100,692	345,000
Compensated Absences Payable	1,215,434	156,088	238,963	1,132,559	143,309
Capital Lease Payable	4,500,000			4,500,000	
Total – General Long-Term Obligations	<u>\$13,104,386</u>	<u>\$207,952</u>	<u>\$579,087</u>	<u>\$12,733,251</u>	<u>\$488,309</u>

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

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

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

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

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

The capital appreciation bonds, issued at \$390,000, are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2009 through 2011 and will bear interest compounded semiannually on June 1 and December 1 of each year beginning in fiscal year 2009. The maturity amount of the capital appreciation bonds is \$735,000. For fiscal year 2008, the capital appreciation bonds were accreted \$51,864.

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

The School District's overall legal debt margin was \$9,588,574, the energy conservation loan debt margin was \$1,108,223, and the unvoted debt margin was \$173,691 at June 30, 2008.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2008, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Energy Conservation Note</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$110,000	\$13,000
2010	110,000	9,425
2011	115,000	5,769
2012	120,000	1,950
Totals	<u>\$455,000</u>	<u>\$30,144</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

School Improvement General Obligation Bonds						
Fiscal year Ending June 30,	Serial Bonds		Term Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009		\$183,109		\$65,075	\$135,000	\$100,000
2010		183,109		65,075	130,000	120,000
2011		183,109		65,075	125,000	125,000
2012	\$250,000	178,797		65,075		
2013	260,000	169,869		65,075		
2014-2018	1,455,000	693,489		325,375		
2019-2023	1,775,000	371,511		325,375		
2024-2028	815,000	36,090	\$1,370,000	229,900		
Total	\$4,555,000	\$1,999,083	\$1,370,000	\$1,206,025	\$390,000	\$345,000

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

A. Jointly Governed Organizations

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except the Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. Payments to MDECA are made from the General Fund. The School District paid MDECA \$57,952 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 225 Linwood Street, Dayton, Ohio 45405.

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are made from the General Fund. During fiscal year 2008, the School District paid \$1,019 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2008, the School District paid \$1,160 to SOITA for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Dave Gibson, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Miami Valley Career Technology Center - The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Miamisburg, Milton-Union, Vandalia, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center and one is appointed from the Miami County Educational Service Center. The School District did not contribute financially to this organization during fiscal year 2008. To obtain financial information, write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

B. Insurance Purchasing Pool

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

C. Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust - The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of fifty-five school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust that will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

16. SET-ASIDE CALCULATIONS

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

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

<u>Company</u>	<u>Textbooks/ Instructional Materials</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2007	(\$150,657)		\$52,637
Current Fiscal Year Set-aside Requirement	259,851	\$259,851	
Current Fiscal Year Offsets		(259,851)	
Qualifying Disbursements	(341,385)		
Totals	<u>(232,191)</u>	<u> </u>	<u>52,637</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>(232,191)</u>	<u> </u>	<u>52,637</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$52,637</u>

The School District had qualifying disbursements during the fiscal year that reduced textbook/instructional materials below zero. The extra amount for textbooks/instructional materials may be used to reduce the set-aside requirements in future fiscal years.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

17. 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, 2008.

B. Litigation

The School District is currently involved in a legal proceeding where the plaintiff in the case was denied a workers' compensation claim. This matter was not resolved as of June 30, 2008.

This page intentionally left blank.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster:					
Cash Assistance					
School Breakfast Program	10.553	\$166,780		\$166,780	
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$47,286		47,286
Cash Assistance					
National School Lunch Program		482,437		482,437	
Total Child Nutrition Cluster		<u>649,217</u>	<u>47,286</u>	<u>649,217</u>	<u>47,286</u>
Total U.S. Department of Agriculture		<u>649,217</u>	<u>47,286</u>	<u>649,217</u>	<u>47,286</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	677,319		655,243	
Special Education Cluster:					
Special Education Grants to States					
Special Education Grants to States	84.027	466,058		456,045	
Special Education Preschool Grants	84.173	5,775		5,775	
Total Special Education Cluster		<u>471,833</u>		<u>461,820</u>	
Safe and Drug Free Schools and Communities State Grants	84.186	12,408		12,408	
Even Start - State Educational Agencies	84.213	140,623		129,551	
State Grants for Innovative Programs	84.298	4,517		4,517	
Education Technology State Grants	84.318	6,881		6,881	
Improving Teacher Quality State Grants	84.367	180,092		166,196	
Total U.S. Department of Education		<u>1,493,673</u>		<u>1,436,616</u>	
Total Federal Assistance		<u>\$2,142,890</u>	<u>\$47,286</u>	<u>\$2,085,833</u>	<u>\$47,286</u>

The accompanying notes are an integral part of this schedule.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Northridge Local School District, Montgomery County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

January 23, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of Northridge Local School District, Montgomery County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

**Internal Control Over Compliance
(Continued)**

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

January 23, 2009

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster: 10.553 School Breakfast Program 10.555 School Lunch Program Special Education Cluster: 84.027 Special Education Grants to States 84.173 Special Education Preschool Grants
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 24, 2009