



**Auditor of State
Betty Montgomery**

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northridge Local School District, Licking County, Ohio, (the District) as of and for the year ended June 30, 2004, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northridge Local School District, Licking County, Ohio, as of June 30, 2004, and the respective changes in financial position and the budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

March 11, 2005

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The discussion and analysis of the Northridge Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2004 are as follows:

- Net assets of governmental activities increased \$223,651.
- General revenues accounted for \$10,559,875 in revenue or 89 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$1,268,245, 11 percent of total revenues of \$11,828,120.
- Total assets of governmental activities decreased \$526,310. The major changes are a result of a decrease in cash and cash equivalents, property taxes receivable, and capital assets.
- The School District had \$11,604,469 in expenses related to governmental activities; only \$1,268,245 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$10,559,875 provided for these activities.
- The School District only has two major funds; the general fund and the debt service fund. The general fund had \$9,949,755 in revenues, \$9,998,373 in expenditures, and \$66,000 in other financing sources. The general fund's balance increased \$17,382. The debt service fund had \$882,602 in revenues and \$812,108 in expenditures. The debt service fund's balance increased \$70,494.

Using this Annual Financial Report

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
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 I provides a summary of the School District's net assets for 2004 compared to 2003.

**Table I
Net Assets**

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Assets		
Current and Other Assets	\$6,285,280	\$6,674,824
Capital Assets	14,104,977	14,241,743
Total Assets	<u>20,390,257</u>	<u>20,916,567</u>
Liabilities		
Long-Term Liabilities	(8,547,394)	(8,877,777)
Other Liabilities	(4,468,206)	(4,887,784)
Total Liabilities	<u>(13,015,600)</u>	<u>(13,765,561)</u>
Net Assets		
Invested in Capital Assets, Net of Debt	6,258,568	6,096,743
Restricted	673,649	650,780
Unrestricted	442,440	403,483
Total Net Assets	<u><u>\$7,374,657</u></u>	<u><u>\$7,151,006</u></u>

Total assets decreased \$526,310. The majority of the decrease was due to a decrease in cash and cash equivalents, property taxes receivable, and capital assets. Cash and cash equivalents decreased \$154,390, property taxes receivable decreased \$224,533, and capital assets decreased \$136,766.

Total liabilities decreased \$749,961. Deferred revenue decreased \$459,744 due to conservative tax estimates by the County Auditor. Long-term liabilities decreased \$330,338 because the School District made \$355,000 in principal payments during fiscal year 2004 towards their Energy Conservation Notes and Classroom Facility Improvement Bonds. Principal payments were offset by a new capital lease for \$66,000 for HVAC computer equipment.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2004. Since this is the first year Northridge Local School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2003 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED
(Continued)**

**Table 2
Changes in Net Assets**

	Governmental Activities
Revenues	2004
Program Revenues:	
Charges for Services	\$459,846
Operating Grants and Contributions	782,891
Capital Grants and Contributions	25,508
	1,268,245
General Revenue:	
Property Taxes	4,356,340
Income Taxes	1,582,937
Grants and Entitlements	4,596,494
Investment Earnings	11,378
Miscellaneous	12,726
	10,559,875
Total Revenues	11,828,120
 Program Expenses	
Instruction	
Regular	4,792,075
Special	1,197,411
Vocational	135,975
Support Services	
Pupil	284,493
Instructional Staff	290,983
Board of Education	6,746
Administration	913,018
Fiscal	444,424
Business	44,201
Operation and Maintenance of Plant	1,154,848
Pupil Transportation	1,013,400
Central	97,810
Operation of Non-Instructional Services:	
Food Service Operations	430,124
Community Services	13,655
Extracurricular Activities	334,291
Interest and Fiscal Charges	451,015
Total Expenses	11,604,469
 Increase in Net Assets	 \$223,651

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED
(Continued)**

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Taxes and other general revenues support 90 percent of program expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements. Comparisons to 2003 have not been made since they are not available.

**Table 3
Governmental Activities**

	2004 <u>Total Cost of Services</u>	2004 <u>Net Cost of Services</u>
Program Expenses		
Instruction:		
Regular	\$4,792,075	\$4,706,129
Special	1,197,411	659,453
Vocational	135,975	113,554
Support Services:		
Pupil	284,493	284,493
Instructional Staff	290,983	279,673
Board of Education	6,746	6,746
Administration	913,018	894,673
Fiscal	444,424	444,424
Business	44,201	44,201
Operation and Maintenance of Plant	1,154,848	1,154,848
Pupil Transportation	1,013,400	987,892
Central	97,810	70,298
Operation of Non-Instructional Services:		
Food Service Operations	430,124	43,861
Community Services	13,655	4,098
Extracurricular Activities	334,291	190,866
Interest and Fiscal Charges	451,015	451,015
Totals	<u><u>\$11,604,469</u></u>	<u><u>\$10,336,224</u></u>

Instructional programs comprise approximately 53 percent of total governmental program expenses. Of the instructional expenses, approximately 78 percent is for regular instruction, 20 percent for special instruction, and 2 percent for vocational instruction.

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,818,534, expenditures of \$11,850,909, and other financing sources of \$66,000.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2004, the School District amended its general fund appropriations, none significant.

Budget basis revenue was \$9,754,520 compared to original estimates of \$9,489,204. Of this \$265,316 difference, most was due to conservative state subsidy and income tax estimates.

The School District's ending unobligated general fund balance was \$829,406.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$14,104,977 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal year 2004 balances compared to 2003.

**Table 4
Capital Assets at June 30, 2004
(Net of Depreciation)**

	<u>Government Activities</u>	
	<u>2004</u>	<u>2003</u>
Land	\$242,190	\$242,190
Land Improvements	590,540	614,902
Buildings and Improvements	12,082,796	12,210,057
Furniture and Equipment	1,146,167	1,115,957
Vehicles	<u>43,284</u>	<u>58,637</u>
Totals	<u><u>\$14,104,977</u></u>	<u><u>\$14,241,743</u></u>

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

Debt

At June 30, 2004, the School District had \$7,846,409 in energy conservation notes, classroom facility improvement bonds, and capital leases outstanding.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED
(Continued)**

**Table 5
Outstanding Debt, at Fiscal Year End**

	Governmental Activities 2004	Governmental Activities 2003
Energy Conservation Notes	\$365,000	\$440,000
Classroom Facility Improvement Bonds	7,425,000	7,705,000
Capital Leases	56,409	0
Totals	\$7,846,409	\$8,145,000

During fiscal year 2004, the School District entered into a capital lease with Johnson Controls, Inc. for HVAC computer equipment for the high school. See Note 15 for more detailed information of the School District's debt.

Set-asides

For fiscal year 2004, Ohio law required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks. For fiscal year 2004, this amounted to \$190,777 for each set aside. For fiscal year 2004, the School District had qualifying disbursements or offsets exceeding the \$190,777 requirement for textbooks and capital maintenance. See Note 20 for more detailed information of the School District's set-asides.

Economic Factors

Northridge Local School District's net assets increased by \$223,651, however, as the preceding information shows, the School District relies heavily on its property taxpayers, income taxpayers, and state subsidies. Based on the current financial situation, the ability to maintain current program and staffing levels and the renewal of the one percent five year income tax levy on November 4, 2003, the School District should be able to maintain current levels of opportunity.

Based on these factors, the Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the School District as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the School District's Financial Management

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

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

*Statement of Net Assets
June 30, 2004*

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$1,477,083
Materials and Supplies Inventory	10,133
Inventory Held for Resale	15,518
Intergovernmental Receivable	43,408
Accrued Interest Receivable	1,543
Income Taxes Receivable	717,092
Prepaid Items	86,448
Accounts Receivable	18,797
Property Taxes Receivable	3,915,258
Nondepreciable Capital Assets	242,190
Depreciable Capital Assets, Net	13,862,787
<i>Total Assets</i>	20,390,257
Liabilities	
Matured Capital Leases Payable	5,887
Matured Interest Payable	1,521
Accounts Payable	85,711
Accrued Wages and Benefits Payable	815,178
Contracts Payable	28,964
Matured Compensated Absences Payable	3,804
Accrued Interest Payable	35,105
Intergovernmental Payable	301,840
Deferred Revenue	3,190,196
Long-Term Liabilities:	
Due Within One Year	471,445
Due In More Than One Year	8,075,949
<i>Total Liabilities</i>	13,015,600
Net Assets	
Invested in Capital Assets, Net of Related Debt	6,258,568
Restricted for:	
Debt Service	415,916
Capital Projects	21,544
Budget Stabilization	58,147
Other Purposes	178,042
Unrestricted	442,440
<i>Total Net Assets</i>	\$7,374,657

See accompanying notes to the basic financial statements

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

*Statement of Activities
For the Fiscal Year Ended June 30, 2004*

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities					Governmental Activities
Instruction:					
Regular	\$4,792,075	\$21,510	\$64,436	\$0	(\$4,706,129)
Special	1,197,411	0	537,958	0	(659,453)
Vocational	135,975	0	22,421	0	(113,554)
Support Services:					
Pupil	284,493	0	0	0	(284,493)
Instructional Staff	290,983	0	11,310	0	(279,673)
Board of Education	6,746	0	0	0	(6,746)
Administration	913,018	0	18,345	0	(894,673)
Fiscal	444,424	0	0	0	(444,424)
Business	44,201	0	0	0	(44,201)
Operation and Maintenance of Plant	1,154,848	0	0	0	(1,154,848)
Pupil Transportation	1,013,400	0	0	25,508	(987,892)
Central	97,810	0	27,512	0	(70,298)
Operation of Non-Instructional Services:					
Food Service Operations	430,124	285,354	100,909	0	(43,861)
Community Services	13,655	9,557	0	0	(4,098)
Extracurricular Activities	334,291	143,425	0	0	(190,866)
Interest and Fiscal Charges	451,015	0	0	0	(451,015)
Totals	\$11,604,469	\$459,846	\$782,891	\$25,508	(\$10,336,224)
General Revenues					
Property Taxes Levied for					
General Purposes					
					3,482,211
Debt Service					
					798,980
Classroom Facilities Maintenance					
					75,149
Income Taxes Levied for General Purposes					
					1,582,937
Grants and Entitlements not Restricted					
to Specific Programs					
					4,596,494
Investment Earnings					
					11,378
Miscellaneous					
					12,726
Total General Revenues					
					10,559,875
Change in Net Assets					
					223,651
Net Assets Beginning of Year - See Note 3					
					7,151,006
Net Assets End of Year					
					\$7,374,657

See accompanying notes to the basic financial statements

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

*Balance Sheet
Governmental Funds
June 30, 2004*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$834,965	\$343,544	\$240,427	\$1,418,936
Restricted Assets:				
Cash and Cash Equivalents	58,147	0	0	58,147
Materials and Supplies Inventory	9,655	0	478	10,133
Inventory Held for Resale	0	0	15,518	15,518
Intergovernmental Receivable	4,121	0	39,287	43,408
Accrued Interest Receivable	1,543	0	0	1,543
Income Taxes Receivable	717,092	0	0	717,092
Prepaid Items	83,552	0	2,896	86,448
Accounts Receivable	15,501	0	3,296	18,797
Interfund Receivable	14,987	0	0	14,987
Property Taxes Receivable	3,130,729	717,113	67,416	3,915,258
Total Assets	\$4,870,292	\$1,060,657	\$369,318	\$6,300,267
Liabilities				
Matured Capital Leases Payable	\$5,887	\$0	\$0	\$5,887
Matured Interest Payable	1,521	0	0	1,521
Matured Compensated Absences Payable	3,804	0	0	3,804
Accounts Payable	79,396	0	6,315	85,711
Accrued Wages and Benefits Payable	770,492	0	44,686	815,178
Contracts Payable	16,470	0	12,494	28,964
Interfund Payable	0	9,987	5,000	14,987
Deferred Revenue	2,800,130	628,533	57,838	3,486,501
Intergovernmental Payable	225,431	0	4,910	230,341
Total Liabilities	3,903,131	638,520	131,243	4,672,894
Fund Balances				
Reserved for Encumbrances	37,590	0	6,899	44,489
Reserved for Budget Stabilization	58,147	0	0	58,147
Reserved for Property Taxes	423,850	85,643	9,215	518,708
Unreserved:				
Undesignated, Reported in:				
General Fund	447,574	0	0	447,574
Special Revenue Funds	0	0	201,516	201,516
Debt Service Fund	0	336,494	0	336,494
Capital Projects Funds	0	0	20,445	20,445
Total Fund Balances	967,161	422,137	238,075	1,627,373
Total Liabilities and Fund Balances	\$4,870,292	\$1,060,657	\$369,318	\$6,300,267

See accompanying notes to the basic financial statements

**NORTHBRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2004*

Total Governmental Fund Balances	\$1,627,373
 <i>Amounts reported for governmental activities in the statement of net assets are different because of the following:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,104,977
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:	
Property Taxes Receivable	179,411
Income Taxes Receivable	100,612
Accrued Interest Receivable	1,543
Miscellaneous	9,221
Student Fees	<u>5,518</u>
	296,305
Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources and, therefore, not reported in the funds.	(71,499)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Bonds and Notes Payable	(7,790,000)
Accrued Interest Payable	(35,105)
Capital Leases Payable	(56,409)
Compensated Absences	<u>(700,985)</u>
	<u>(8,582,499)</u>
Net Assets of Governmental Activities	<u><u>\$7,374,657</u></u>

See accompanying notes to the basic financial statements

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

*Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,481,409	\$799,746	\$75,207	\$4,356,362
Income Taxes	1,574,911	0	0	1,574,911
Intergovernmental	4,849,403	82,856	472,634	5,404,893
Interest	9,835	0	0	9,835
Tuition and Fees	21,471	0	0	21,471
Extracurricular Activities	0	0	152,982	152,982
Charges for Services	0	0	285,354	285,354
Miscellaneous	12,726	0	0	12,726
Total Revenues	9,949,755	882,602	986,177	11,818,534
Expenditures				
Current:				
Instruction:				
Regular	4,655,016	0	83,641	4,738,657
Special	907,959	0	257,218	1,165,177
Vocational	117,051	0	0	117,051
Support Services:				
Pupils	277,542	0	0	277,542
Instructional Staff	254,382	0	7,933	262,315
Board of Education	6,746	0	0	6,746
Administration	941,257	0	0	941,257
Fiscal	426,250	11,396	1,205	438,851
Business	44,201	0	0	44,201
Operation and Maintenance of Plant	1,074,058	0	93,136	1,167,194
Pupil Transportation	987,414	0	0	987,414
Central	59,924	0	37,886	97,810
Operation of Non-Instructional Services:				
Food Service Operations	0	0	394,993	394,993
Community Services	0	0	13,655	13,655
Extracurricular Activities	165,382	0	150,761	316,143
Debt Service:				
Principal Retirement	74,571	355,000	0	429,571
Interest and Fiscal Charges	6,620	445,712	0	452,332
Total Expenditures	9,998,373	812,108	1,040,428	11,850,909
Excess of Revenues Over (Under) Expenditures	(48,618)	70,494	(54,251)	(32,375)
Other Financing Sources				
Inception of a Capital Lease	66,000	0	0	66,000
Net Change in Fund Balances	17,382	70,494	(54,251)	33,625
Fund Balances Beginning of Year - Restated (See Note 3)	949,779	351,643	292,326	1,593,748
Fund Balances End of Year	\$967,161	\$422,137	\$238,075	\$1,627,373

See accompanying notes to the basic financial statements

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING 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, 2004*

Net Change in Fund Balances - Total Governmental Funds \$33,625

*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. This is the amount by which capital outlays exceeded depreciation in the current period

Capital Asset Additions	179,168	
Depreciation Expense	(315,934)	(136,766)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Interest	1,543	
Student Fees	39	
Income Taxes	8,026	
Delinquent Taxes	(22)	9,586

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 364,591

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. 1,317

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets the lease obligation is reported as a liability. (66,000)

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

Intergovernmental Payable	(14,494)	
Early Retirement Incentive Payable	64,980	
Compensated Absences Payable	(33,188)	17,298

Change in Net Assets of Governmental Activities \$223,651

See accompanying notes to the basic financial statements

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$3,486,742	\$3,288,630	\$3,288,630	\$0
Income Taxes	1,134,179	1,548,830	1,548,830	0
Intergovernmental	4,774,535	4,760,487	4,845,282	84,795
Interest	7,951	11,836	11,836	0
Tuition and Fees	39,580	47,611	47,611	0
Rent	3,000	0	0	0
Miscellaneous	43,217	12,331	12,331	0
<i>Total Revenues</i>	<u>9,489,204</u>	<u>9,669,725</u>	<u>9,754,520</u>	<u>84,795</u>
Expenditures				
Current:				
Instruction:				
Regular	5,424,527	4,554,849	4,591,563	(36,714)
Special	643,347	892,222	892,222	0
Vocational	115,734	116,717	116,717	0
Other	63,572	112,598	112,598	0
Support Services:				
Pupils	247,295	276,317	276,317	0
Instructional Staff	280,363	266,850	266,850	0
Board of Education	6,469	6,936	6,936	0
Administration	797,377	942,916	942,915	1
Fiscal	334,551	459,929	459,929	0
Business	31,800	43,064	43,064	0
Operation and Maintenance of Plant	801,339	1,021,735	1,021,735	0
Pupil Transportation	803,238	1,008,497	1,008,497	0
Central	136,525	60,092	60,092	0
Extracurricular Activities	194,610	166,040	166,040	0
<i>Total Expenditures</i>	<u>9,880,747</u>	<u>9,928,762</u>	<u>9,965,475</u>	<u>(36,713)</u>
<i>Excess of Revenues Under Expenditures</i>	(391,543)	(259,037)	(210,955)	48,082
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	6,749	0	0	0
Advances Out	(3,750)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,999</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(388,544)	(259,037)	(210,955)	48,082
<i>Fund Balance Beginning of Year</i>	935,216	935,216	935,216	0
Prior Year Encumbrances Appropriated	105,145	105,145	105,145	0
<i>Fund Balance End of Year</i>	<u>\$651,817</u>	<u>\$781,324</u>	<u>\$829,406</u>	<u>\$48,082</u>

See accompanying notes to the basic financial statements

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

*Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2004*

Assets	
Cash and Cash Equivalents	\$26,882
	<hr/>
<i>Total Assets</i>	<u><u>\$26,882</u></u>
Liabilities	
Due to Students	\$26,882
	<hr/>
<i>Total Liabilities</i>	<u><u>\$26,882</u></u>

See accompanying notes to the basic financial statements

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1962 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 120 square miles. It is located in Licking, Knox, and Delaware Counties, and includes Burlington Township and the Villages of Alexandria and Croton. The School District is staffed by 48 classified employees, 99 certificated full-time teaching personnel, and 7 administrative employees who provide services to 1,323 students and other community members. The School District currently operates five instructional buildings, one administrative building, and one garage.

Reporting Entity

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

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

The School District is associated with four jointly governed organizations and an insurance purchasing pool. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, the Central Ohio Special Education Regional Resource Center, the School Study Council of Ohio, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which are presented in Notes 17 and 19 to the basic financial statements. The School District is associated with a related organization, the Alexandria Public Library which is discussed in Note 18.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

B. Fund Accounting

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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

General Fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no proprietary funds.

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

C. Measurement Focus

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

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 are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. Revenue from income taxes is recognized in the period in which the income is earned. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. 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 control has been established by the Board of Education at the fund level. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

During fiscal year 2004, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Nonparticipating investment contracts, such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2004.

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 2004 amounted to \$9,835, which includes \$3,183 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent the amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used.

Inventory consists of expendable supplies held for consumption, school clothing, and purchased and donated food held for resale.

J. Receivables and Payables

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

K. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand dollars. This was increased from the prior threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

L. Interfund Balances

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

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

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

N. Accrued Liabilities and Long-term Obligations

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

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

O. Fund Balance Reserves

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Reserves (Continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents unspent worker's compensation refunds.

P. Net Assets

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

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

Q. Extraordinary and Special Items

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

R. Estimates

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

NOTE 3 – RESTATEMENT OF PRIOR YEAR BALANCES

Changes in Accounting Principles For fiscal year 2004, the School District has implemented GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, GASB Statement No. 37, Basic Financial Statements for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Note Disclosures, GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 41, "Budgetary Comparison Schedules – Perspective Differences", and GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 3 – RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

GASB Statement No. 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 39, further defines the guidelines of GASB Statement No. 14, “The Financial Reporting Entity”. The implementation of this new statement had no effect on the School District’s financial statements for fiscal year 2004.

GASB Statement No. 41 allows presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the School District not being able to present budgetary comparisons for the general and each major special revenue fund. This statement had no effect on the presentation of the budgetary statements of the School District for fiscal year 2004.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2003 and the conversion to the accrual basis of accounting.

Restatement of Fund Balance The implementation of GASB 34 and Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 3 – RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

	General Fund	Debt Service	Nonmajor	Total
Fund Balance, June 30, 2003	\$942,411	\$351,643	\$194,718	\$1,488,772
Fund Classification	0	0	72,436	72,436
Intergovernmental Payable	0	0	15,705	15,705
Interpretation 6:				
Compensated Absences Payable	7,368	0	9,467	16,835
Adjusted Fund Balance, June 30, 2003	<u>\$949,779</u>	<u>\$351,643</u>	<u>\$292,326</u>	1,593,748
 GASB 34 Adjustments:				
Capital Assets				14,241,743
Intergovernmental Payable				(57,005)
Accrued Interest Payable				(36,422)
Long-Term Liabilities				(8,877,777)
Long-Term (Deferred) Assets				<u>286,719</u>
 Governmental Activities Net Assets, June 30, 2003				<u>\$7,151,006</u>

During fiscal year 2004, the School District increased their capitalization threshold from \$1,000 to \$2,000. During fiscal year 2004, the School District re-evaluated employee retirements based upon the past three years history. In previous years, the School District recorded a liability for accumulated unused sick leave for employees with twenty years of experience with the School District, or after fifteen years of service and at least 45 years of age, or after ten years of service and at least 50 years of age. After re-evaluation it was determined that the School District record a liability for accumulated unused sick leave for employees with ten years of service with the School District.

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The district managed activities special revenue fund had a deficit fund balance for the year ended June 30, 2004 in the amount of \$2,624. This deficit was due to the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The class size reduction special revenue fund had final appropriations in excess of estimated resources plus available balances for the year ended June 30, 2004 in the amount of \$186.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Compliance (Continued)

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

<u>General Fund</u>	<u>Excess</u>
	\$36,714
<u>Special Revenue Funds:</u>	
Food Service	5,142
School Store	523

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

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	Net Change in Fund Balance
GAAP Basis	\$17,382
Net Adjustment for Revenue Accruals	(195,235)
Net Adjustment for Expenditure Accruals	33,460
Beginning:	
Prepaid Items	80,696
Ending:	
Prepaid Items	(83,552)
Adjustment for Encumbrances	<u>(63,706)</u>
Budget Basis	<u><u>(\$210,955)</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held until maturity.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$72,643 and the bank balance was \$126,585. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$26,585 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department or agent in the School District's name and all State statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying and Fair Value
STAR Ohio	\$0	\$3,499
Repurchase Agreements	1,427,823	1,427,823
Total	\$1,427,823	\$1,431,322

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$1,503,965	\$0
Investments of the Cash Management Pool:		
STAR Ohio	(3,499)	3,499
Repurchase Agreements	(1,427,823)	1,427,823
GASB Statement 3	\$72,643	\$1,431,322

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Real property tax revenue received in calendar 2004 represents collections of calendar 2003 taxes. Real property taxes received in calendar 2004 were levied after April, 2003, on the assessed value listed as of January 1, 2003, 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 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 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.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 7 - PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however, the School District did not receive payment from the Licking County Auditor until July 2004.

The School District receives property taxes from Licking, Knox, and Delaware Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding, real property, personal property, public utility, and the late June personal property settlement which became measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 and the late personal property tax settlement were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The amount available as an advance at June 30, 2004, was \$518,708, \$423,850 was available to the general fund, \$9,215 was available to the classroom facilities maintenance special revenue fund, and \$85,643 was available to the bond retirement debt service fund. The June 30 personal property tax settlement that was received July, 2004 amounted to \$23,643 in the general fund, \$363 in the classroom facilities maintenance special revenue fund, and \$2,937 in the bond retirement debt service fund. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultura/ Residential And Other Real Estate	\$160,603,660	92.42%	\$167,133,310	92.76%
Public Utility Personal	10,973,184	6.31%	11,282,470	6.26%
Tangible Personal Property	2,191,241	1.27%	1,762,095	0.98%
	<u>\$173,768,085</u>	<u>100.00%</u>	<u>\$180,177,875</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$39.28		\$39.15	

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 8 - INCOME TAX

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2001 and remains effective for five years. On November 4, 2003 the School District renewed their one percent income tax levy. The new tax will be effective on January 1, 2006 and will remain effective for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

NOTE 9 - RECEIVABLES

Receivables at June 30, 2004 consisted of property taxes, income taxes, accounts (billings for user charged services, vendors commissions, and tuition and fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	<u>Amounts</u>
State Foundation	\$545
National School Lunch Program	8,179
Title VI-B	24,980
Chapter II	6,128
E-Rate	<u>3,576</u>
Total	<u><u>\$43,408</u></u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
Nondepreciable Capital Assets				
Land	\$242,190	\$0	\$0	\$242,190
Depreciable Capital Assets				
Land Improvements	824,617	4,035	0	828,652
Buildings and Improvements	14,083,986	41,691	0	14,125,677
Furniture and Equipment	1,724,442	122,622	0	1,847,064
Vehicles	276,000	10,820	0	286,820
Total at Historical Cost	<u>16,909,045</u>	<u>179,168</u>	<u>0</u>	<u>17,088,213</u>
Less Accumulated Depreciation				
Land Improvements	(209,715)	(28,397)	0	(238,112)
Buildings and Improvements	(1,873,929)	(168,952)	0	(2,042,881)
Furniture and Equipment	(608,485)	(92,412)	0	(700,897)
Vehicles	(217,363)	(26,173)	0	(243,536)
Total Accumulated Depreciation	<u>(2,909,492)</u>	<u>(315,934)</u>	<u>0</u>	<u>(3,225,426)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>13,999,553</u>	<u>(136,766)</u>	<u>0</u>	<u>13,862,787</u>
Governmental Activities Capital Assets, Net	<u>\$14,241,743</u>	<u>(\$136,766)</u>	<u>\$0</u>	<u>\$14,104,977</u>

- Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	121,025
Special	23,352
Vocational	12,287
Support Services:	
Pupil	8,982
Instructional Staff	17,963
Administration	22,843
Fiscal	4,581
Operation and Maintenance	25,946
Pupil Transportation	25,986
Extracurricular	18,148
Food Service Operations	<u>34,821</u>
Total Depreciation Expense	<u>\$315,934</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2004, the School District contracted with Indiana Insurance for all insurance except automobile insurance which was contracted through State Farm Insurance. The types and amounts of coverage provided follows:

Building and Contents - Replacement Cost (\$5,000 deductible)	\$27,069,129
School Equipment (\$5,000 deductible)	2,514,884
Boiler and Machinery (\$5,000 deductible)	29,584,013
Extra Expense / Business Income (\$5,000 deductible)	1,233,000
Automobile Liability Bodily Injury	
Per Occurrence (\$100 deductible comprehensive and \$250 collision)	250,000
Aggregate Per Year (\$100 deductible comprehensive and \$250 collision)	500,000
Uninsured Motor Vehicle Bodily Injury	
Per Occurrence	250,000
Aggregate Per Year	500,000
General Liability	
Per Occurrence	1,000,000
Aggregate Per Year	2,000,000

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

For fiscal year 2004, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the Equity Pooling Fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

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 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$89,273, \$59,229, and \$47,134 respectively; 48 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. \$46,203 represents the unpaid contribution for fiscal year 2004.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$608,363, \$527,087, and \$350,438 respectively; 82 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$14,222 made by the School District and \$17,107 made by the plan members.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

All STRS retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$47,891 for fiscal year 2004.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2004 the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000 and STRS Ohio had 111,853 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established as \$25,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2004 fiscal year equaled \$63,440.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants receiving health care benefits.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 14 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Health Care Benefits

The School District provides health and drug insurance for all eligible employees through Anthem Blue Cross/Blue Shield. The School District pays medical and drug monthly premiums for staff of \$586.53 for family coverage and \$263.79 for single coverage. The School District also provides dental insurance for all eligible employees through Medical Benefit Mutual. The School District's share of the monthly premium for dental insurance coverage is \$60.11 for family and \$20.74 for single employees. The School District provides vision insurance through Vision Plus. The School District pays \$8.58 per month for all eligible employees.

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

C. Early Retirement Incentive

The School District Board of Education approved an Early Retirement Incentive program on March 1, 1999 in accordance with Ohio Revised Code Section 3307.35 and Section 3309.33. Participation is open to STRS and SERS employees who qualify for retirement with thirty years of service. Eligible employees must have made application during the open window period of March 1, 2000 through June 30, 2001. In fiscal year 2002, the School District renewed the Early Retirement Incentive for calendar year beginning January 1, 2002 and ending December 31, 2002. Each fiscal year, a minimum of five percent of eligible employees will be approved. The Board had the option of paying the early retirement buyout in its entirety or in installments.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2004 were as follows:

	Restated Principal Outstanding 6/30/2003	Additions	Deductions	Principal Outstanding 6/30/2004	Due Within One Year
Energy Conservation Note - 4.05%-5.75%	\$440,000	\$0	\$75,000	\$365,000	\$85,000
Classroom Facility Improvement Bonds - 5.75% - 6.75%	7,705,000	0	280,000	7,425,000	305,000
Capital Leases	0	66,000	9,591	56,409	12,222
Compensated Absences	667,797	83,575	50,387	700,985	69,223
Early Retirement Incentive	64,980	0	64,980	0	0
Total General Long-Term Obligations	\$8,877,777	\$149,575	\$479,958	\$8,547,394	\$471,445

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

Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2004, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2005	\$85,000	\$18,151	\$103,151
2006	85,000	13,476	98,476
2007	95,000	8,434	103,434
2008	100,000	2,875	102,875
Total	\$365,000	\$42,936	\$407,936

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire the school facilities bonds outstanding at June 30, 2004, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2005	\$305,000	\$404,333	\$709,333
2006	330,000	386,793	716,793
2007	350,000	369,870	719,870
2008	375,000	351,376	726,376
2009	395,000	331,351	726,351
2010-2014	2,390,000	1,293,865	3,683,865
2015-2019	3,280,000	494,931	3,774,931
Total	<u>\$7,425,000</u>	<u>\$3,632,519</u>	<u>\$11,057,519</u>

Capital leases and compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$9,127,503, with an unvoted debt margin of \$180,178 at June 30, 2004.

NOTE 16 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2004, consist of the following individual interfund receivables and payables:

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

There are outstanding advances of \$14,987 from the general fund to the bond retirement debt service fund in the amount of \$9,987 for a principal payment on the energy conservation notes and to the district managed activities special revenue fund for \$5,000 for operations.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

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

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The School District's payments to LACA for computer services for fiscal year 2004 were \$80,412. Financial statements for LACA can be obtained from their fiscal agent - the Career and Technology Education Centers of Licking County, 150 Price Road, Newark, OH 43055.

B. Metropolitan Educational Council

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 100 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate.

The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2004 was \$518. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

C. Central Ohio Special Education Regional Resource Center

The Central Ohio Educational Resource Center (COSERRC) provides special education services at a regional level and assists school districts in complying with the mandates of P.L. 101-476 and P.L. 99-457 for educating children with disabilities. The Northridge Local School District has a cooperative agency agreement with COSERRC. There is no financial commitment by the School District for its participation in COSERRC. The School District has one representative on the governing board. Nothing was paid to COSERRC during fiscal year 2004. Further information may be obtained by contacting the Central Ohio Special Education Regional Resource Center at 470 Glenmont Avenue, Columbus, Ohio 43214.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. School Study Council of Ohio

The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board). The Council is comprised of 81 member organizations. The purpose of the Council is to bring about the improvement of education in member school organizations. School districts maintain active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and to vote. School districts that elect to be associate members are entitled to attend meetings and participate in Council discussions but are not entitled to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2004, the Board consisted of fourteen members. In fiscal year 2004, Northridge Local School District obtained active membership privileges and paid a membership fee of \$338. Financial information may be obtained by contacting the School Study Council of Ohio at 4807 Evanswood Drive, Suite 300, Columbus, Ohio 43229.

NOTE 18 - RELATED ORGANIZATION

Alexandria Public Library

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

NOTE 19 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 20 - SET-ASIDE CALCULATIONS

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2003	(\$413,570)	(\$30,838)	\$58,147
Current year set-aside requirement	190,777	190,777	0
Current year offsets	0	(84,893)	0
Qualifying Disbursements	<u>(328,317)</u>	<u>(382,914)</u>	<u>0</u>
Totals	<u>(\$551,110)</u>	<u>(\$307,868)</u>	<u>\$58,147</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$551,110)</u>	<u>(\$30,838)</u>	<u>\$58,147</u>
Set-aside Reserve Balance as of June 30, 2004	<u>\$0</u>	<u>\$0</u>	<u>\$58,147</u>

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

NOTE 21 - STATE SCHOOL FUNDING

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 21 - STATE SCHOOL FUNDING (Continued)

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

NOTE 22 - CONTINGENCIES

A. Grants

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

B. Litigation

The School District is currently not party to any litigation.

NOTE 23 - CAPITALIZED LEASES

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

The agreement provides for minimum annual lease payments as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$12,222	\$2,594
2006	12,844	1,971
2007	13,499	1,317
2008	14,186	629
2009	3,658	46
Total	<u>\$56,409</u>	<u>\$6,557</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Continued)**

NOTE 23 - CAPITALIZED LEASES (Continued)

The equipment was originally capitalized in the amount of \$66,000. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2004 totaled \$9,591 in the governmental funds.

Property under Capital Lease	\$66,000
Less: Accumulated Depreciation	<u>(1,238)</u>
Total June 30, 2004	<u><u>\$64,762</u></u>

NOTE 24 - CONTRACTUAL OBLIGATION

As of June 30, 2004, the School District had a contractual purchase commitment with Johnson Controls, Inc. for maintenance on HVAC computer equipment. The amount of the contract is as follows:

Contractor	Fund	Purchase Commitment	Amounts Paid as of 6/30/2004	Amounts Remaining on Contract
Johnson Controls, Inc.	General	\$164,700	\$24,705	\$139,995

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Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northridge Local School District, Licking County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 11, 2005, in which we noted the District adopted Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated March 11, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the District's management in a separate letter dated March 11, 2005.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
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Northridge Local School District
Licking County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

March 11, 2005

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2004**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Expenditures Exceeding Appropriations	No	Partially corrected and reported in the Management Letter.
2003-002	Appropriations Exceeding Estimated Resources	Yes	



**Auditor of State
Betty Montgomery**

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NORTHRIDGE LOCAL SCHOOL DISTRICT

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 5, 2005**