

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2011***

JAY TINGLE, TREASURER



Dave Yost • Auditor of State

Board of Education
Ridgewood Local School District
301 S. Oak Street
West Lafayette, Ohio 43845

We have reviewed the *Independent Accountants' Report* of the Ridgewood Local School District, Coshocton County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 23, 2012

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**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Ridgewood Local School District
301 S. Oak Street
West Lafayette, Ohio 43845

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 Ridgewood Local School District, Coshocton County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Ridgewood Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ridgewood Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Ridgewood Local School District, Coshocton County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the fiscal year ended June 30, 2011, the Ridgewood Local School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2011 on our consideration of the Ridgewood Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Ridgewood Local School District's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* provides additional analysis and is not a required part of the basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 8, 2011

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The management's discussion and analysis of the Ridgewood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the 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 District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities decreased \$303,832, which represents a 1.87% decrease from net assets at June 30, 2010.
- General revenues accounted for \$9,760,970 in revenue or 72.49% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,704,303 or 27.51% of total revenues of \$13,465,273.
- The District had \$13,769,105 in expenses related to governmental activities; \$3,704,303 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,760,970 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$10,276,913 in revenues and other financing sources and \$10,905,300 in expenditures and other financing uses. During fiscal year 2011 the general fund's fund balance decreased \$628,387 from a restated balance of \$2,688,823 to \$2,060,436.
- The bond retirement fund had \$275,077 in revenues and \$310,371 in expenditures. During fiscal year 2011 the bond retirement fund's fund balance decreased \$35,294 from \$631,932 to \$596,638.

Using these Basic Financial Statements

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

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the bond retirement fund are reported as major funds.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the 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 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, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the 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 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 than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-54 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2011 and 2010.

	Net Assets	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Assets</u>		
Current and other assets	\$ 8,234,202	\$ 8,407,003
Capital assets, net	<u>15,663,224</u>	<u>16,219,038</u>
Total assets	<u>23,897,426</u>	<u>24,626,041</u>
<u>Liabilities</u>		
Current liabilities	3,915,965	4,086,397
Long-term liabilities	<u>4,015,589</u>	<u>4,269,940</u>
Total liabilities	<u>7,931,554</u>	<u>8,356,337</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	12,752,463	13,090,581
Restricted	2,005,520	1,862,068
Unrestricted	<u>1,207,889</u>	<u>1,317,055</u>
Total net assets	<u>\$ 15,965,872</u>	<u>\$ 16,269,704</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$15,965,872. Of this total, \$2,005,520 is restricted in use.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY, OHIO**

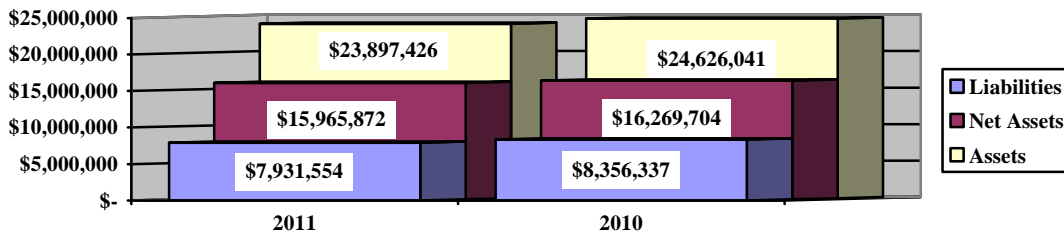
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

At year-end, capital assets represented 65.54% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and library and textbooks. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$12,752,463. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$2,005,520, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,207,889 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below presents the District's governmental activities assets, liabilities and net assets for fiscal year 2011 and 2010.

Governmental Activities



The table below shows the change in net assets for fiscal year 2011 and 2010.

Change in Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Revenues		
Program revenues:		
Charges for services and sales	\$ 796,138	\$ 910,164
Operating grants and contributions	2,908,165	2,100,109
General revenues:		
Property taxes	2,712,624	2,728,858
Grants and entitlements	7,025,420	7,423,675
Investment earnings	15,108	17,257
Other	7,818	15,045
Total revenues	13,465,273	13,195,108

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**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Change in Net Assets (Continued)

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 6,267,360	\$ 6,552,634
Special	1,312,348	1,199,440
Vocational	255,185	260,735
Other	64,884	68,556
Support services:		
Pupil	561,362	548,179
Instructional staff	567,407	633,272
Board of education	55,660	44,496
Administration	838,935	850,532
Fiscal	327,871	329,110
Business	13,477	10,675
Operations and maintenance	1,306,813	1,322,724
Pupil transportation	894,870	867,537
Central	3,178	2,689
Operations of non-instructional services:		
Food service operations	667,523	561,928
Other non-instructional services	100	215
Extracurricular activities	491,524	468,872
Interest and fiscal charges	<u>140,608</u>	<u>145,966</u>
Total expenses	<u>13,769,105</u>	<u>13,867,560</u>
Change in net assets	(303,832)	(672,452)
Net assets at beginning of year	<u>16,269,704</u>	<u>16,942,156</u>
Net assets at end of year	<u>\$ 15,965,872</u>	<u>\$ 16,269,704</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$303,832. Total governmental expenses of \$13,769,105 were offset by program revenues of \$3,704,303 and general revenues of \$9,760,970. Program revenues supported 26.90% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 72.32% of total governmental revenue.

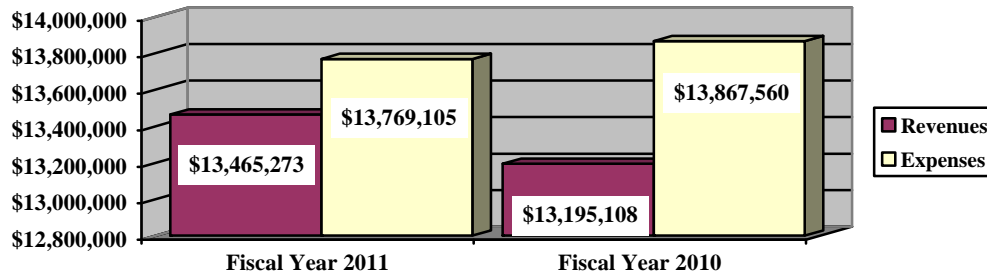
The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,899,777 or 57.37% of total governmental expenses for fiscal year 2011.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Program expenses				
Instruction:				
Regular	\$ 6,267,360	\$ 5,409,153	\$ 6,552,634	\$ 5,971,899
Special	1,312,348	120,528	1,199,440	421,711
Vocational	255,185	167,618	260,735	174,308
Other	64,884	64,884	68,556	68,556
Support services:				
Pupil	561,362	535,227	548,179	519,805
Instructional staff	567,407	450,568	633,272	476,561
Board of education	55,660	55,660	44,496	44,496
Administration	838,935	247,750	850,532	372,739
Fiscal	327,871	327,738	329,110	329,110
Business	13,477	13,477	10,675	10,675
Operations and maintenance	1,306,813	1,306,813	1,322,724	1,304,939
Pupil transportation	894,870	891,883	867,537	853,233
Central	3,178	3,178	2,689	2,689
Operation of non-instructional services:				
Food service operations	667,523	37,899	561,928	(95,077)
Other non-instructional services	100	5	215	(69)
Extracurricular activities	491,524	291,813	468,872	255,746
Interest and fiscal charges	140,608	140,608	145,966	145,966
Total expenses	<u>\$ 13,769,105</u>	<u>\$ 10,064,802</u>	<u>\$ 13,867,560</u>	<u>\$ 10,857,287</u>

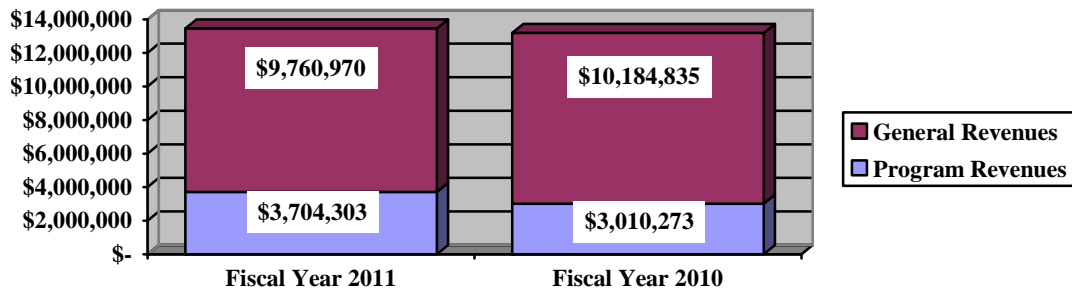
**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The dependence upon tax and other general revenues for governmental activities is apparent, 72.94% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 73.10%. The District's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2011 and 2010.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$3,534,046, which is less than last year's total of \$4,250,685. Fund balances at June 30, 2010 have been restated as described in Note 3.B. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance <u>June 30, 2011</u>	(Restated) Fund Balance <u>June 30, 2010</u>	<u>Decrease</u>	<u>Percentage Change</u>
General	\$ 2,060,436	\$ 2,688,823	\$ (628,387)	(23.37) %
Bond retirement	596,638	631,932	(35,294)	(5.59) %
Other governmental	<u>876,972</u>	<u>929,930</u>	<u>(52,958)</u>	(5.69) %
Total	<u>\$ 3,534,046</u>	<u>\$ 4,250,685</u>	<u>\$ (716,639)</u>	(16.86) %

General Fund

The District's general fund balance decreased \$628,387. Expenditures and other financing uses of \$10,905,300 exceeded revenues and other financing sources of \$10,276,913.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011 <u>Amount</u>	(Restated) 2010 <u>Amount</u>	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 2,349,892	\$ 2,325,408	\$ 24,484	1.05 %
Tuition	321,620	284,534	37,086	13.03 %
Earnings on investments	12,823	16,517	(3,694)	(22.36) %
Intergovernmental	7,474,635	7,449,639	24,996	0.34 %
Other revenues	<u>117,090</u>	<u>232,507</u>	<u>(115,417)</u>	<u>(49.64) %</u>
Total	<u>\$ 10,276,060</u>	<u>\$ 10,308,605</u>	<u>\$ (32,545)</u>	<u>(0.32) %</u>
<u>Expenditures</u>				
Instruction	\$ 6,535,473	\$ 6,530,700	\$ 4,773	0.07 %
Support services	4,004,511	3,724,830	279,681	7.51 %
Extracurricular activities	321,978	299,940	22,038	7.35 %
Debt service	<u>29,786</u>	<u>30,329</u>	<u>(543)</u>	<u>(1.79) %</u>
Total	<u>\$ 10,891,748</u>	<u>\$ 10,585,799</u>	<u>\$ 305,949</u>	<u>2.89 %</u>

The District received more open enrollment revenue during fiscal year 2011 which contributed to the increase in tuition revenues. The decrease in other revenues is primarily due to a decrease in contributions and donations received in fiscal year 2011. The most significant increase in expenditures was for support services. This increase is primarily due to increased costs for pupil transportation, as well as increasing fiscal and administrative costs.

Bond Retirement Fund

The bond retirement fund had \$275,077 in revenues and \$310,371 in expenditures. During fiscal year 2011 the bond retirement fund's fund balance decreased \$35,294 from \$631,932 to \$596,638.

General Fund Budgeting Highlights

The 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.

For the general fund, original budgeted revenues and other financing sources were \$9,879,100 and final budgeted revenues and other financing sources were \$10,129,100. Actual revenues and other financing sources for fiscal year 2011 were \$10,307,897, which represents an increase of \$178,797 over the final budgeted amount.

General fund original appropriations were \$10,890,968 and were increased to \$11,140,968 in the final budget. The actual budget basis expenditures for fiscal year 2011 totaled \$10,986,117, which was \$154,851 less than the final budgeted appropriations.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2011, the District had \$15,663,224 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and library and textbooks. This entire amount is reported in governmental activities. The following table shows fiscal 2011 balances compared to 2010:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2011	2010
Land	\$ 194,966	\$ 194,966
Land improvements	929,695	1,043,856
Building and improvements	13,811,604	14,226,097
Furniture and equipment	449,217	492,283
Vehicles	277,742	261,836
Total	\$ 15,663,224	\$ 16,219,038

The overall decrease in capital assets of \$555,814 is due to depreciation expense of \$726,626 exceeding capital outlay of \$170,812 during the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2011, the District had \$2,719,100 in general obligation bonds outstanding. Of this total, \$200,000 is due within one year and \$2,519,100 is due in greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2011	2010
General obligation bonds	\$ 2,719,100	\$ 2,891,266
Total	\$ 2,719,100	\$ 2,891,266

At June 30, 2011, the District's overall legal debt margin was \$9,708,249, and the unvoted debt margin was \$130,629.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Current Financial Related Activities

Ridgewood Local School District has continued to maintain the highest standards of service to its students, parents, and community. Financially, the District continues to operate in a fiscally responsible manner. The District ended the 2011 fiscal year by spending more on a cash basis than was received. The financial future of the District is not without its challenges. The Board of Education and administration must continue to closely monitor its revenues and expenditures in accordance with its five-year forecast.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Jay Tingle, Treasurer, Ridgewood Local School District, 301 S. Oak Street, West Lafayette, Ohio 43845.

**BASIC
FINANCIAL STATEMENTS**

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 4,809,849
Receivables:	
Taxes	2,709,319
Accounts	20,327
Intergovernmental	608,485
Accrued interest	2,777
Prepayments	20,359
Materials and supplies inventory	14,939
Unamortized bond issue costs	48,147
Capital assets:	
Land	194,966
Depreciable capital assets, net	15,468,258
Capital assets, net	15,663,224
 Total assets	 23,897,426
 Liabilities:	
Accounts payable	70,363
Accrued wages and benefits	912,081
Pension obligation payable	256,408
Intergovernmental payable	43,879
Accrued interest payable	8,173
Claims payable	354,154
Unearned revenue	2,270,907
Long-term liabilities:	
Due within one year	292,313
Due in more than one year	3,723,276
Total liabilities	7,931,554
 Net assets:	
Invested in capital assets, net of related debt	12,752,463
Restricted for:	
Capital projects	5,634
Debt service	615,774
Classroom facilities maintenance	243,503
Locally funded programs	8,162
Federally funded programs	528,582
Student activities	59,585
Other purposes	544,280
Unrestricted	1,207,889
Total net assets	\$ 15,965,872

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 6,267,360	\$ 339,809	\$ 518,398	\$ (5,409,153)
Special	1,312,348	15,956	1,175,864	(120,528)
Vocational	255,185	-	87,567	(167,618)
Other	64,884	-	-	(64,884)
Support services:				
Pupil.	561,362	-	26,135	(535,227)
Instructional staff	567,407	648	116,191	(450,568)
Board of education	55,660	-	-	(55,660)
Administration.	838,935	-	591,185	(247,750)
Fiscal.	327,871	-	133	(327,738)
Business.	13,477	-	-	(13,477)
Operations and maintenance	1,306,813	-	-	(1,306,813)
Pupil transportation.	894,870	2,987	-	(891,883)
Central	3,178	-	-	(3,178)
Operation of non-instructional services:				
Other non-instructional services	100	-	95	(5)
Food service operations	667,523	239,427	390,197	(37,899)
Extracurricular activities.	491,524	197,311	2,400	(291,813)
Interest and fiscal charges	140,608	-	-	(140,608)
Total governmental activities	\$ 13,769,105	\$ 796,138	\$ 2,908,165	(10,064,802)

General revenues:

Property taxes levied for:	
General purposes	2,424,334
Bond retirement	244,598
Classroom facilities maintenance	43,692
Grants and entitlements not restricted	
to specific programs	7,025,420
Investment earnings	15,108
Miscellaneous	7,818
Total general revenues	9,760,970
Change in net assets	(303,832)
Net assets at beginning of year	16,269,704
Net assets at end of year.	\$ 15,965,872

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,958,172	\$ 580,643	\$ 1,065,815	\$ 4,604,630
Receivables:				
Taxes.	2,394,941	274,683	39,695	2,709,319
Accounts	2,393	-	59	2,452
Intergovernmental	50,801	-	557,684	608,485
Accrued interest	2,777	-	-	2,777
Prepayments	20,359	-	-	20,359
Materials and supplies inventory	-	-	14,939	14,939
Restricted assets:				
Equity in pooled cash and cash equivalents	42,320	-	-	42,320
Total assets	<u>\$ 5,471,763</u>	<u>\$ 855,326</u>	<u>\$ 1,678,192</u>	<u>\$ 8,005,281</u>
Liabilities:				
Accounts payable.	\$ 55,308	\$ -	\$ 15,055	\$ 70,363
Accrued wages and benefits	761,388	-	150,693	912,081
Compensated absences payable.	38,857	-	-	38,857
Pension obligation payable.	217,609	-	38,799	256,408
Intergovernmental payable	38,211	-	5,668	43,879
Deferred revenue	293,559	27,309	557,872	878,740
Unearned revenue	2,006,395	231,379	33,133	2,270,907
Total liabilities	<u>3,411,327</u>	<u>258,688</u>	<u>801,220</u>	<u>4,471,235</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	14,939	14,939
Prepays	20,359	-	-	20,359
Restricted:				
Debt service	-	596,638	-	596,638
Capital improvements	-	-	5,599	5,599
Classroom facilities maintenance	-	-	239,476	239,476
Food service operations	-	-	520,002	520,002
Special education	-	-	4,557	4,557
Targeted academic assistance	-	-	1,973	1,973
Other purposes.	-	-	62,026	62,026
Extracurricular.	-	-	59,585	59,585
BWC refunds	42,320	-	-	42,320
Committed:				
Capital improvements	-	-	35	35
Student and staff support	40,607	-	-	40,607
Assigned:				
Student instruction	5,621	-	-	5,621
Student and staff support.	58,615	-	-	58,615
Extracurricular activities	2	-	-	2
School supplies	56	-	-	56
Unassigned (deficit)	1,892,856	-	(31,220)	1,861,636
Total fund balances	<u>2,060,436</u>	<u>596,638</u>	<u>876,972</u>	<u>3,534,046</u>
Total liabilities and fund balances	<u>\$ 5,471,763</u>	<u>\$ 855,326</u>	<u>\$ 1,678,192</u>	<u>\$ 8,005,281</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$	3,534,046
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			15,663,224
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	272,087	
Intergovernmental receivable		604,524	
Accrued interest receivable		2,129	
Total			878,740
Unamortized bond issue costs are not recognized in the funds.			48,147
Unamortized premiums on bond issuance are not recognized in the funds.			(201,485)
Unamortized deferred charges on refundings are not recognized in the funds.			153,338
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			(173,380)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(8,173)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(991,868)	
General obligation bonds		(2,719,100)	
Capital lease obligations		(217,617)	
Total			(3,928,585)
Net assets of governmental activities		<u>\$</u>	<u>15,965,872</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 2,349,892	\$ 236,642	\$ 44,178	\$ 2,630,712
Tuition	321,620	-	-	321,620
Charges for services	-	-	239,427	239,427
Earnings on investments	12,823	-	1,688	14,511
Extracurricular	66,443	-	129,054	195,497
Classroom materials and fees	35,359	-	-	35,359
Other local revenues	15,288	-	35,266	50,554
Intergovernmental - state	7,447,875	38,435	70,309	7,556,619
Intergovernmental - federal	26,760	-	1,860,425	1,887,185
Total revenues	<u>10,276,060</u>	<u>275,077</u>	<u>2,380,347</u>	<u>12,931,484</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,643,634	-	87,778	5,731,412
Special	570,615	-	755,229	1,325,844
Vocational	255,654	-	1,477	257,131
Other	65,570	-	-	65,570
Support services:				
Pupil	546,552	-	25,103	571,655
Instructional staff	470,731	-	111,340	582,071
Board of education	55,660	-	-	55,660
Administration	359,155	-	522,248	881,403
Fiscal	334,661	7,533	1,561	343,755
Business	13,477	-	-	13,477
Operations and maintenance	1,275,535	-	119,093	1,394,628
Pupil transportation	945,562	-	-	945,562
Central	3,178	-	-	3,178
Operation of non-instructional services:				
Other non-instructional services	-	-	100	100
Food service operations	-	-	681,574	681,574
Extracurricular activities	321,978	-	141,354	463,332
Debt service:				
Principal retirement	19,107	195,000	-	214,107
Interest and fiscal charges	10,679	107,838	-	118,517
Total expenditures	<u>10,891,748</u>	<u>310,371</u>	<u>2,446,857</u>	<u>13,648,976</u>
Excess of expenditures over revenues	<u>(615,688)</u>	<u>(35,294)</u>	<u>(66,510)</u>	<u>(717,492)</u>
Other financing sources (uses):				
Sale of assets	853	-	-	853
Transfers in	-	-	13,552	13,552
Transfers (out)	(13,552)	-	-	(13,552)
Total other financing sources (uses)	<u>(12,699)</u>	<u>-</u>	<u>13,552</u>	<u>853</u>
Net change in fund balances	(628,387)	(35,294)	(52,958)	(716,639)
Fund balances at beginning of year (restated).	<u>2,688,823</u>	<u>631,932</u>	<u>929,930</u>	<u>4,250,685</u>
Fund balances at end of year	<u>\$ 2,060,436</u>	<u>\$ 596,638</u>	<u>\$ 876,972</u>	<u>\$ 3,534,046</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds \$ (716,639)

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 depreciation exceeds capital outlays in the current period.

Capital asset additions	\$	170,812	
Depreciation expense		(726,626)	
Total			(555,814)

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

Taxes		81,912	
Intergovernmental		501,106	
Accrued interest		597	
Total			583,615

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

214,107

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it's due. More interest is reported in the statement of activities due to the following:

Decrease in accrued interest payable		743	
Accreted interest on capital appreciation bonds		(22,834)	
Amortization of bond issue costs		(3,589)	
Amortization of bond premiums		15,017	
Amortization of deferred charges on refundings		(11,428)	
Total			(22,091)

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

5,344

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

187,646

Change in net assets of governmental activities **\$ (303,832)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 2,265,000	\$ 2,515,000	\$ 2,326,803	\$ (188,197)
Tuition	245,500	245,500	321,620	76,120
Earnings on investments	30,000	30,000	15,251	(14,749)
Classroom materials and fees	6,000	6,000	7,785	1,785
Other local revenues	8,600	8,600	12,912	4,312
Intergovernmental - state	7,309,000	7,309,000	7,504,555	195,555
Intergovernmental - federal	13,000	13,000	36,592	23,592
Total revenues	<u>9,877,100</u>	<u>10,127,100</u>	<u>10,225,518</u>	<u>98,418</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,319,558	5,561,858	5,707,358	(145,500)
Special	594,337	600,337	559,413	40,924
Vocational	271,232	264,732	256,015	8,717
Other	72,080	72,080	68,483	3,597
Support services:				
Pupil	513,891	513,891	547,708	(33,817)
Instructional staff	488,893	497,093	473,229	23,864
Board of education	53,850	53,850	30,812	23,038
Administration	389,485	389,485	362,244	27,241
Fiscal	355,331	355,331	333,895	21,436
Business	20,203	20,203	20,213	(10)
Operations and maintenance	1,440,074	1,440,074	1,354,578	85,496
Pupil transportation	988,014	988,014	950,806	37,208
Central	5,000	5,000	3,178	1,822
Extracurricular activities	323,020	323,020	247,953	75,067
Total expenditures	<u>10,834,968</u>	<u>11,084,968</u>	<u>10,915,885</u>	<u>169,083</u>
Excess of expenditures over revenues	<u>(957,868)</u>	<u>(957,868)</u>	<u>(690,367)</u>	<u>267,501</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	2,844	2,844
Refund of prior year's receipts	(56,000)	(56,000)	(56,680)	(680)
Sale of assets	2,000	2,000	853	(1,147)
Transfers (out)	-	-	(13,552)	(13,552)
Advances in	-	-	78,682	78,682
Total other financing sources (uses)	<u>(54,000)</u>	<u>(54,000)</u>	<u>12,147</u>	<u>66,147</u>
Net change in fund balance	(1,011,868)	(1,011,868)	(678,220)	333,648
Fund balance at beginning of year	3,421,696	3,421,696	3,421,696	-
Prior year encumbrances appropriated . .	147,006	147,006	147,006	-
Fund balance at end of year	<u>\$ 2,556,834</u>	<u>\$ 2,556,834</u>	<u>\$ 2,890,482</u>	<u>\$ 333,648</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 162,899
Receivables:	
Accounts	<u>17,875</u>
Total assets.	<u>180,774</u>
Liabilities:	
Claims payable	<u>354,154</u>
Total liabilities	<u>354,154</u>
Net assets (deficit):	
Unrestricted (deficit)	<u>(173,380)</u>
Total net assets (deficit).	<u>\$ (173,380)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Fund
Operating revenues:	
Sales/charges for services.	\$ 2,202,180
Total operating revenues	2,202,180
Operating expenses:	
Purchased services.	57,550
Claims	1,956,984
Total operating expenses.	2,014,534
Change in net assets.	187,646
Net assets (deficit) at beginning of year. .	(361,026)
Net assets (deficit) at end of year	\$ (173,380)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 2,213,616
Cash payments for contractual services	(51,460)
Cash payments for claims	<u>(1,920,647)</u>
Net cash provided by operating activities	<u>241,509</u>
Cash flows from noncapital financing activities:	
Cash used in repayment of interfund loans	<u>(78,682)</u>
Net cash used in noncapital financing activities	<u>(78,682)</u>
Net increase in cash and cash equivalents	162,827
Cash and cash equivalents at beginning of year	<u>72</u>
Cash and cash equivalents at end of year	<u><u>\$ 162,899</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 187,646
Changes in assets and liabilities:	
Decrease in accounts receivable	17,526
Increase in claims payable	<u>36,337</u>
Net cash provided by operating activities	<u><u>\$ 241,509</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2011

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 37,218
Receivables:	
Accounts	174
Total assets.	\$ 37,392
Liabilities:	
Accounts payable.	\$ 35
Due to students.	37,357
Total liabilities	\$ 37,392

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF SCHOOL DISTRICT

Ridgewood Local School District (the "District") was established for the purposes of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District ranks as the 390th largest by total enrollment among the 918 public school districts and community schools in the State. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or Federal guidelines. It is staffed by 77 non-certified employees and 75 certified personnel who provide services to 1,344 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records and test scoring.

OME-RESA is one of 23 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

OME-RESA is owned and operated by 49 member districts in 10 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors.

OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

Coshocton County Career Center

The Coshocton County Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected Boards, which possesses its own budgeting and taxing authority. The Board controls the financial activity of the Career Center. The Career Center receives no direct funding from the member school district. The continued existence of the Career Center is not dependent on the Ridgewood Local School District's continued participation.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PUBLIC ENTITY RISK POOL

Ohio Association of School Business Officials Worker's Compensation Group

The District participates in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (GRP). The GRP is sponsored by OASBO and administered by Sheakley UniService, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

The District uses funds to maintain its financial records during the 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.

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 the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bonds and principal and interest from governmental resources when the government is obligated in some manner for payment.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical and dental benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for services. Operating expenses for the internal service fund includes claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2011 are recorded as deferred revenue in the governmental funds.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Process

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

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 revenues establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control set by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund. Although the legal level of control was established at the fund level of expenditures, the District has elected to present the general fund's budgetary statement comparison at the fund and function level of expenditures.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate of estimated resources issued during fiscal year 2011.

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as 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 fiscal year 2011.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2011, investments were limited to federal agency securities, U.S. Treasury Bills, a U.S. Government money market mutual fund and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$12,823, which includes \$3,413 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are reported on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

H. Capital Assets

General capital 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 year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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, 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>	Governmental Activities <u>Estimated Lives</u>
Land improvements	10 to 40 years
Buildings and improvements	10 to 40 years
Furniture and equipment	5 to 20 years
Vehicles	13 years
Library and textbooks	5 years

I. Compensated Absences

GASB Statement No. 16, "Accounting for Compensated Absences", specifies the method used to accrue liabilities for leave benefits. 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 District will compensate the employees for the benefits through paid time off or some other means.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that is probable that benefits will result in termination (severance) payments. The liability is an estimate based on the District's past experience of making termination (severance) payments.

The total liability for vacation and sick leave has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and leases are recognized as a liability on the fund financial statements when due.

K. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt. On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted by State statute for BWC refunds and food service.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside for BWC refunds. This is required by State statute. A schedule of restricted assets is presented in Note 17.

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any extraordinary or special items during fiscal year 2011.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 2,631,123	\$ 631,932	\$ 987,630	\$ 4,250,685
Fund reclassifications:				
Public school support fund	42,654	-	(42,654)	-
Uniform school supplies fund	<u>15,046</u>	<u>-</u>	<u>(15,046)</u>	<u>-</u>
Total fund reclassifications	<u>57,700</u>	<u>-</u>	<u>(57,700)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 2,688,823</u>	<u>\$ 631,932</u>	<u>\$ 929,930</u>	<u>\$ 4,250,685</u>

The fund reclassifications did not have an effect on net assets as previously reported.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Management information systems	\$ 6
IDEA Part-B	26,307
Improving teacher quality	4,907
<u>Proprietary fund</u>	
Employee benefits self-insurance	173,380

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Interim monies 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 any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 items (1) and (2) above 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 Treasury Asset Reserve of Ohio investment pool (STAR Ohio);
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 classifications by at least two nationally recognized rating agencies.

Protection of the 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.

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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had \$2,500 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$3,604,848. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$2,336,511 of the District's bank balance of \$3,687,475 was exposed to custodial risk as discussed below, while \$1,350,964 was covered by the FDIC.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 269,766	\$ -	\$ -	\$ 150,024	\$ 119,742	\$ -
FHLMC	575,169	-	-	425,119	150,050	-
FNMA	200,026	-	-	125,037	-	74,989
U.S. Treasury Bill	174,769	-	174,769	-	-	-
U.S. Government money market	19,989	19,989	-	-	-	-
Total	\$ 1,239,719	\$ 19,989	\$ 174,769	\$ 700,180	\$ 269,792	\$ 74,989

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury Bill are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: The District's investments in federal agency securities and U.S. Treasury Bill were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market an AAAM money market rating.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 269,766	21.76
FHLMC	575,169	46.40
FNMA	200,026	16.13
U.S. Treasury Bill	174,769	14.10
U.S. Government money market	19,989	1.61
Total	<u>\$ 1,239,719</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,604,848
Investments	1,239,719
Cash on hand	<u>2,500</u>
Total	<u>\$ 4,847,067</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,809,849
Agency fund	<u>37,218</u>
Total	<u>\$ 4,847,067</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers consisted of the following amounts as reported in the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 13,552</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Coshocoton, Guernsey and Tuscarawas Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$147,795 in the general fund, \$15,995 in the bond retirement fund and \$2,535 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$124,706 in the general fund, \$14,558 in the bond retirement fund and \$3,674 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 125,327,410	96.20	\$ 125,452,910	96.04
Public utility personal	<u>4,952,410</u>	<u>3.80</u>	<u>5,176,070</u>	<u>3.96</u>
Total	<u>\$ 130,279,820</u>	<u>100.00</u>	<u>\$ 130,628,980</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$34.25		\$34.25	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 2,709,319
Accounts	20,327
Intergovernmental	608,485
Accrued interest	<u>2,777</u>
Total	<u>\$ 3,340,908</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2011</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 194,966	\$ -	\$ -	\$ 194,966
Total capital assets, not being depreciated	<u>194,966</u>	<u>-</u>	<u>-</u>	<u>194,966</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,027,472	-	-	2,027,472
Building and improvements	20,234,422	55,662	-	20,290,084
Furniture and equipment	1,714,558	38,324	-	1,752,882
Vehicles	1,200,360	76,826	-	1,277,186
Library and textbooks	853,829	-	-	853,829
Total capital assets, being depreciated	<u>26,030,641</u>	<u>170,812</u>	<u>-</u>	<u>26,201,453</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(983,616)	(114,161)	-	(1,097,777)
Building and improvements	(6,008,325)	(470,155)	-	(6,478,480)
Furniture and equipment	(1,222,275)	(81,390)	-	(1,303,665)
Vehicles	(938,524)	(60,920)	-	(999,444)
Library and textbooks	(853,829)	-	-	(853,829)
Total accumulated depreciation	<u>(10,006,569)</u>	<u>(726,626)</u>	<u>-</u>	<u>(10,733,195)</u>
Governmental activities capital assets, net	<u>\$ 16,219,038</u>	<u>\$ (555,814)</u>	<u>\$ -</u>	<u>\$ 15,663,224</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 602,172
<u>Support services:</u>	
Administration	6,045
Operations and maintenance	6,017
Pupil transportation	61,244
Food service operations	21,214
Extracurricular	<u>29,934</u>
Total depreciation expense	<u>\$ 726,626</u>

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years, the District entered into a capital lease for the acquisition of an administrative building and copiers. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee at the conclusion of the lease term. At inception, the leases were accounted for as an other financing source and a capital outlay expenditure in the general fund. Capital lease payments have been reclassified and shown as debt service expenditures in the general fund. These expenditures will be reflected as function expenditures on a budgetary basis.

The general capital assets acquired by these capital leases have been capitalized in the governmental activities on the statement of net assets in the amount of \$334,665, which is equal to the present value of the future minimum lease payments as of the date of their inception. Accumulated depreciation as of June 30, 2011 was \$81,417, leaving a current book value of \$253,248. A corresponding liability has been recorded in the governmental activities on the statement of net assets. Principal payments made during fiscal year 2011 totaled \$19,107.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011.

<u>Fiscal Year</u>	<u>Payments</u>
2012	\$ 29,244
2013	28,702
2014	23,944
2015	19,187
2016	18,644
2017 - 2021	78,538
2022 - 2026	71,537
2027 - 2028	<u>28,401</u>
Total minimum lease payments	298,197
Less: amount representing interest	<u>(80,580)</u>
Present value of minimum lease payments	<u>\$ 217,617</u>

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	<u>June 30, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2011</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental activities:					
<i>General obligation bonds:</i>					
May 1999 bond issue					
5.85% due 12/1/2010	\$ 45,000	\$ -	\$ (45,000)	\$ -	\$ -
November 1999 bond issue					
5.85% due 12/1/2010	105,000	-	(105,000)	-	-
Refunded general obligations					
bonds 4.0% due 12/1/2024	2,650,000	-	(45,000)	2,605,000	200,000
Capital appreciation bonds					
4.45% due 12/1/2018	39,997	-	-	39,997	-
Accreted interest on bonds	51,269	22,834	-	74,103	-
Total general obligation bonds	<u>2,891,266</u>	<u>22,834</u>	<u>(195,000)</u>	<u>2,719,100</u>	<u>200,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	1,090,214	225,211	(284,700)	1,030,725	72,795
Capital leases	236,724	-	(19,107)	217,617	19,518
Total other obligations	<u>1,326,938</u>	<u>225,211</u>	<u>(303,807)</u>	<u>1,248,342</u>	<u>92,313</u>
Total governmental activities					
long-term liabilities	<u>\$ 4,218,204</u>	<u>\$ 248,045</u>	<u>\$ (498,807)</u>	3,967,442	<u>\$ 292,313</u>
Less: unamortized deferred charge on refunding bonds				(153,338)	
Add: unamortized premium on refunding bonds				201,485	
Total on statement of net assets				<u>\$ 4,015,589</u>	

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid, which, for the District, is primarily the general fund.

Capital Leases: Capital leases will be paid from the general fund. See Note 9 for more detail.

B. General Obligation Bonds

In May 1999, the District issued \$2,759,000 in general obligation bonds. In November 1999, the District issued \$1,300,000 in general obligation bonds. These issues represent the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC). These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as an expenditure in the bond retirement fund.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

During fiscal year 2007, the District issued general obligation bonds to advance refund the callable portion of the May 1999 and November 1999 bonds (callable principal \$2,815,000). The issuance proceeds of \$3,020,720 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue was comprised of both current interest term bonds, par value \$1,250,000, serial bonds, par value \$1,525,000 and capital appreciation bonds, par value \$39,997. The capital appreciation bonds mature December 1, 2017 and December 1, 2018 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$525,000. Total accreted interest of \$74,103 has been included on the statement of net assets at June 30, 2011.

The reacquisition price exceeded the net carrying amount of the old debt by \$205,720. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issue.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2024.

The following is a summary of the District's future annual principal and interest requirements to retire the general obligation bonds:

Fiscal Year Ended	Current Interest and Serial Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 200,000	\$ 99,400	\$ 299,400	\$ -	\$ -	\$ -
2013	220,000	91,525	311,525	-	-	-
2014	220,000	83,000	303,000	-	-	-
2015	235,000	73,900	308,900	-	-	-
2016	240,000	64,400	304,400	-	-	-
2017 - 2021	765,000	234,100	999,100	39,997	485,003	525,000
2022 - 2025	725,000	41,500	766,500	-	-	-
Total	\$ 2,605,000	\$ 687,825	\$ 3,292,825	\$ 39,997	\$ 485,003	\$ 525,000

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$9,708,249 (including available funds of \$596,638) and an unvoted debt margin of \$130,629.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified, full-time administrators and non-bargaining unit employees earn 10 to 20 days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and principals do not earn vacation time. A maximum of ten vacation days beyond the twelve month period may be carried over. Additional days may be carried over only with the approval of the superintendent.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation for a year is fifteen days. Payment is made of one-fourth of the total sick leave accumulation, up to a maximum accumulation of 240 days upon retirement for certified employees or 230 days upon termination with 10 years of service for non-certified employees.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through American International Group, Inc. The premium for the employee term life insurance is paid by the District at a rate of .0225 per \$1,000 of coverage.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2011, the District contracted with Ohio Casualty Insurance for liability, fleet, property and inland marine insurance coverage. The deductible is \$1,000 with the following coverage:

	<u>Coverage</u>
Buildings and Contents	\$ 38,407,285
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
Crime Insurance	5,000
General Liability:	
Per Occurrence	1,000,000
Aggregate	3,000,000

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

B. Workers' Compensation

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

C. Employee Group Medical/Surgical and Dental Insurance

The District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the self insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2011, a total expense of \$2,014,534 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$60,000. The liability for unpaid claims cost of \$354,154 reported in the fund at June 30, 2011 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling claims. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12 - RISK MANAGEMENT - (Continued)

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2011	\$ 317,817	\$ 1,956,984	\$ (1,920,647)	\$ 354,154
2010	323,218	1,986,062	(1,991,463)	317,817

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$183,008, \$196,182 and \$133,627, respectively; 56.49 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - PENSION PLANS - (Continued)

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

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$675,438, \$651,152 and \$640,806, respectively; 82.87 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$9,392 made by the District and \$6,709 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$45,839, \$36,708 and \$91,238, respectively; 56.49 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$11,777, \$11,667 and \$11,025, respectively; 56.49 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$51,957, \$50,089 and \$49,293, respectively; 82.87 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at cost (budget basis) as opposed to fair value (GAAP basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (678,220)
Net adjustment for revenue accruals	(44,453)
Net adjustment for expenditure accruals	66,381
Net adjustment for other sources/uses	(24,846)
Funds budgeted elsewhere	(18,714)
Adjustment for encumbrances	71,465
GAAP basis	\$ (628,387)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and the public school support fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - SET-ASIDES

The 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ 119,432
Current year set-aside requirement	199,649	199,649
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(186,051)	(157,106)
Excess qualified expenditures from prior years	(119,960)	-
Current year offsets	-	(95,417)
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	<u>-</u>	<u>(66,558)</u>
Total	<u>\$ (106,362)</u>	<u>\$ -</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. During fiscal year 2000, the District issued \$4,059,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$3,992,442 at June 30, 2011.

The District has \$42,320 in restricted Bureau of Workers' Compensation (BWC) refunds. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and restricted fund balance in the general fund since allowable expenditures are restricted by State statute.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - SET-ASIDES - (Continued)

A schedule of the restricted assets at June 30, 2011 follows:

Amount restricted for BWC refunds	\$ 42,320
Total restricted cash	<u>\$ 42,320</u>

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 72,215
Other governmental	<u>53,141</u>
Total	<u>\$ 125,356</u>

SUPPLEMENTARY DATA

**RIDGEWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Cluster:				
(D) (E) School Breakfast Program	10.553	2011	\$ 100,842	\$ 100,842
Total School Breakfast Program			<u>100,842</u>	<u>100,842</u>
(D) (E) National School Lunch Program	10.555	2011	316,131	316,131
(C) (D) National School Lunch Program - Food Donation	10.555	2011	30,584	30,584
Total National School Lunch Program			<u>346,715</u>	<u>346,715</u>
Total U.S. Department of Agriculture and Child Nutrition Cluste			<u>447,557</u>	<u>447,557</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grant Cluster:				
(F) (H) Title I Grants to Local Educational Agencies	84.010	2010	31,291	35,267
(F) (H) Title I Grants to Local Educational Agencies	84.010	2011	274,024	239,467
Total Title I Grants to Local Educational Agencies			<u>305,315</u>	<u>274,734</u>
(F) (H) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	(2,438)	10,946
(F) (H) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	85.389	2011	109,065	96,901
Total ARRA - Title I Grants to Local Educational Agencies, Recovery Act			<u>106,627</u>	<u>107,847</u>
Total Title I Grant Cluster			<u>411,942</u>	<u>382,581</u>
Special Education Grant Cluster				
(G)(H) Special Education_Grants to States	84.027	2010	28,854	33,371
(G)(H) Special Education_Grants to States	84.027	2011	246,568	222,559
Total Special Education_Grants to States			<u>275,422</u>	<u>255,930</u>
(G)(H) ARRA - Special Education Grants to States, Recovery Act	84.391	2010	18,497	22,968
(G)(H) ARRA - Special Education Grants to States, Recovery Act	85.391	2011	148,479	145,924
Total ARRA - Special Education Grants to States, Recovery Act			<u>166,976</u>	<u>168,892</u>
(G) Special Education_Preschool Grants	84.173	2011	9,366	85
(G)(H) ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2010	1,346	1,632
(G)(H) ARRA - Special Education_Preschool Grants, Recovery Act	85.392	2011	1,940	1,821
Total ARRA - Special Education_Preschool Grants, Recovery Act			<u>3,286</u>	<u>3,453</u>
Total Special Education Grant Cluster			<u>455,050</u>	<u>428,360</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2011	1,370	1,082
Educational Technology State Grants	84.318	2010	-	2,200
Educational Technology State Grants	84.318	2011	1,500	-
Total Education Technology State Grants			<u>1,500</u>	<u>2,200</u>
(H) Improving Teacher Quality State Grants	84.367	2010	11,967	12,628
(H) Improving Teacher Quality State Grants	84.367	2011	88,441	83,583
Total Improving Teach Quality State Grants			<u>100,408</u>	<u>96,211</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	-	7,793
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2011	589,553	508,404
Total ARRA - State Fiscal Stabilization Fund (SFSF), Education State Grants, Recovery Act			<u>589,553</u>	<u>516,197</u>
ARRA - Race to the Top, Recovery Act	84.395	2011	29,136	20,907
Total U.S. Department of Education			<u>1,588,959</u>	<u>1,447,538</u>
Total Federal Financial Assistance			<u>\$ 2,036,516</u>	<u>\$ 1,895,095</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2011
- (B) This schedule was prepared on the cash basis of accounting
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value
- (D) Included as part of the "Child Nutrition Cluster" in determining major programs
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis
- (F) Included as part of the "Title I Grant Cluster" in determining major programs
- (G) Included as part of the "Special Education Grant Cluster" in determining major programs
- (H) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost center. During fiscal year 2011, the ODE authorized the following transfers

Program Title	CFDA Grant	Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2010	\$ 6,311	
Title I Grants to Local Educational Agencies	84.010	2011		\$ 6,311
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	7,638	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011		7,638
ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2010	286	
ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2011		286
Improving Teacher Quality State Grants	84.367	2010	791	
Improving Teacher Quality State Grants	84.367	2011		791
Special Education_Grants to States	84.027	2010	6,049	
Special Education_Grants to States	84.027	2011		6,049
ARRA - Special Education_Grants to States, Recovery Act	84.391	2010	3,603	
ARRA - Special Education_Grants to States, Recovery Act	84.391	2011		3,603
Totals			<u>\$ 24,678</u>	<u>\$ 24,678</u>



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Ridgewood Local School District
301 S. Oak Street
West Lafayette, Ohio 43845

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 Ridgewood Local School District, Coshocton County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise Ridgewood Local School District's basic financial statements and have issued our report thereon dated December 8, 2011. We noted that the Ridgewood Local School District adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ridgewood Local School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Ridgewood Local School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Ridgewood Local School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Ridgewood Local School District's financial statements will not be prevented, or detected and timely corrected.

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

Board of Education
Ridgewood Local School District

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the Ridgewood Local School District's management in a separate letter dated December 8, 2011.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 8, 2011



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Ridgewood Local School District
301 S. Oak Street
West Lafayette, Ohio 43845

To the Board of Education:

Compliance

We have audited the compliance of the Ridgewood Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect each of the Ridgewood Local School District's major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings and responses identifies the Ridgewood Local School District's major federal programs. The Ridgewood Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Ridgewood Local School District's compliance based on our audit.

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

In our opinion, the Ridgewood Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and responses list this instance as finding 2011-RLSD-001.

Internal Control Over Compliance

The Ridgewood Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Ridgewood Local School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Ridgewood Local School District's internal control over compliance.

Board of Education
Ridgewood Local School District

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

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



Julian & Grube, Inc.
December 8, 2011

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	Yes
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grant Cluster: Title I Grants to Local Educational Agencies (CFDA #84.010) and ARRA - Title I Grants to Local Educational Agencies, Recovery Act (CFDA #84.389); ARRA - State Fiscal Stabilization Fund (SFSF) - Educational State Grants, Recovery Act (CFDA #84.394); Special Education Cluster: Special Education - Grants to States (CFDA #84.027) and ARRA - Special Education - Grants to States, Recovery Act (CFDA #84.391); Special Education_Preschool Grants (CFDA #84.173) and ARRA - Special Education - Preschool Grants, Recovery Act (CFDA #84.392); Child Nutrition Cluster: School Breakfast Program, (CFDA #10.553), National School Lunch Program (CFDA #10.555)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2011-RLSD-001
CFDA Title and Number	ARRA - State Fiscal Stabilization Fund (SFSF) - Educational States Grants, Recovery Act (CFDA #84.394)
Federal Award Number/Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Finding

34 CFR 80.20(b)(7) requires procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and subgrantees must be followed whenever advance payment procedures are used.

At fiscal year end, the District had \$81,149 of State Fiscal Stabilization Funds (SFSF) grants monies on hand. This amount exceeds their last advance from the Ohio Department of Education through the foundation settlement.

The District is not using effective cash management practices which could result in reduction of grant funding, return of grant funding, and/or payment of imputed interest of \$129 to the United States Department of Education.

We recommend that the District review Office of Management and Budget Circular A-133 regarding cash management requirements. We also recommend the District consult with Ohio Department of Education regarding the preferred method of disposition of the unspent grant funds. This will help to ensure compliance with cash management of Federal award programs and that proper action is taken.

Client Response: Compliance with all regulations and grant agreements is highly important to the District. As the SFSF program got close to the end of the program, the Treasurer received conflicting information and guidance which caused the noncompliance. Since the program no longer exists, the District shouldn't have any further issues.



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Independent Accountants' Report on Applying Agreed-Upon Procedure

Board of Education
Ridgewood Local School District
301 S. Oak Street
West Lafayette, OH 43845

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on February 14, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
December 8, 2011



Dave Yost • Auditor of State

RIDGEWOOD LOCAL SCHOOL DISTRICT

COSHOCTON 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
APRIL 5, 2012**