

**RIDGEDALE LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

***GENERAL PURPOSE  
FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2000***

**BEVERLY MARSHALL, TREASURER**



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Board of Education  
Ridgedale Local School District  
3103 Hillman-Ford Road  
Morrill, Ohio 43337

We have reviewed the independent auditor's report of the Ridgedale Local School District, Marion County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO  
Auditor of State

December 27, 2000

**RIDGEDALE LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

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## Independent Auditor's Report

Board of Education  
Ridgedale Local School District  
3105 Hillman-Ford Rd.  
Morral, Ohio 43337

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ridgedale Local School District, Marion County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust funds for the fiscal year then ended in conformity with generally accepted accounting principles.

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

Trimble, Julian & Grube, Inc.  
December 13, 2000

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

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects			General Fixed Assets	Long-Term Obligations	General	
<u>Assets and Other Debits:</u>									
<u>Assets:</u>									
Equity in Pooled Cash and Cash Equivalents	\$2,405,819	\$124,449	\$58,235	\$46,926	\$54,612	\$0	\$0	\$0	\$2,690,041
Cash and Cash Equivalents with Fiscal Agents	1,764	543	0	0	0	0	0	0	2,307
Receivables:									
Property Taxes	2,249,376	0	0	0	0	0	0	0	2,249,376
Accounts	50,158	4,915	0	1,108	0	0	0	0	56,181
Intergovernmental	19,100	25,717	0	6,357	0	0	0	0	51,174
Accrued Interest	4,729	0	0	0	0	0	0	0	4,729
Interfund	29,437	0	0	0	0	0	0	0	29,437
Due from Other Funds	0	0	0	0	500	0	0	0	500
Prepaid Items	59,440	631	0	1,714	0	0	0	0	61,785
Inventory Held for Resale	0	0	0	6,137	0	0	0	0	6,137
Materials and Supplies Inventory	28,176	3,046	0	1,071	0	0	0	0	32,293
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	38,642	0	0	0	0	0	0	0	38,642
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	10,583	0	7,702,199	0	0	7,712,782
<u>Other Debits:</u>									
Amount to be Provided from General Governmental Resources	0	0	0	0	0	0	1,036,679	0	1,036,679
Total Assets and Other Debits	<u>\$4,886,641</u>	<u>\$159,301</u>	<u>\$58,235</u>	<u>\$73,896</u>	<u>\$55,112</u>	<u>\$7,702,199</u>	<u>\$1,036,679</u>	<u>\$1,036,679</u>	<u>\$13,972,063</u>

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

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects			General Fixed Assets	Long-Term Obligations	Totals		
								Trust and Agency		Enterprise
<u>Liabilities, Fund Equity, and Other Credits:</u>										
<u>Liabilities:</u>										
Accounts Payable	\$ 4,073	\$ 1,090	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,163		
Accrued Wages and Benefits	506,849	11,535	0	16,403	0	0	0	534,787		
Compensated Absences Payable	6,409	0	0	11,226	0	0	387,372	405,007		
Intergovernmental Payable	112,811	481	0	14,973	1,565	0	47,147	176,977		
Interfund Payable	0	0	29,437	0	0	0	0	29,437		
Due to Other Funds	0	500	0	0	0	0	0	500		
Deferred Revenue	1,673,029	0	0	3,705	0	0	0	1,676,734		
Due to Students	0	0	0	0	29,965	0	0	29,965		
Energy Conservation Loan Payable	0	0	0	0	0	0	90,000	90,000		
Capital Leases Payable	0	0	0	0	0	0	512,160	512,160		
Total Liabilities	<u>2,303,171</u>	<u>13,606</u>	<u>29,437</u>	<u>46,307</u>	<u>31,530</u>	<u>0</u>	<u>1,036,679</u>	<u>3,460,730</u>		
<u>Fund Equity and Other Credits:</u>										
Investment in General Fixed Assets	0	0	0	0	0	7,702,199	0	7,702,199		
Contributed Capital	0	0	0	32,640	0	0	0	32,640		
Retained Earnings:										
Unreserved (Deficit)	0	0	0	(5,051)	0	0	0	(5,051)		
Fund Balance:										
Reserved for Property Taxes	623,347	0	0	0	0	0	0	623,347		
Reserved for Inventory	28,176	3,046	0	0	0	0	0	31,222		
Reserved for Budget Stabilization	38,642	0	0	0	0	0	0	38,642		
Reserved for Contributions	0	0	0	0	13,477	0	0	13,477		
Reserved for Encumbrances	1,484	1,570	0	0	0	0	0	3,054		
Designated for Budget Stabilization	28,950	0	0	0	0	0	0	28,950		
Unreserved, Undesignated	1,862,871	141,079	28,798	27,589	10,105	0	0	2,042,853		
Total Fund Equity and Other Credits	<u>2,583,470</u>	<u>145,695</u>	<u>28,798</u>	<u>27,589</u>	<u>23,582</u>	<u>7,702,199</u>	<u>0</u>	<u>10,511,333</u>		
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 4,886,641</u>	<u>\$ 159,301</u>	<u>\$ 58,235</u>	<u>\$ 73,896</u>	<u>\$ 55,112</u>	<u>\$ 7,702,199</u>	<u>\$ 1,036,679</u>	<u>\$ 13,972,063</u>		

Ridgedale Local School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types			Fiduciary	Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
<u>Revenues:</u>					
Property Taxes	\$ 2,245,165	\$ 0	\$ 0	\$ 0	\$ 2,245,165
Intergovernmental	2,832,348	195,499	299,607	0	3,327,454
Interest	159,479	6,394	2,588	153	168,614
Tuition and Fees	656,030	0	0	0	656,030
Extracurricular Activities	0	297,503	0	0	297,503
Gifts and Donations	1,253	8,782	0	1,000	11,035
Miscellaneous	54,561	0	0	0	54,561
Total Revenues	<u>5,948,836</u>	<u>508,178</u>	<u>302,195</u>	<u>1,153</u>	<u>6,760,362</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	2,713,689	149,277	12,694	0	2,875,660
Special	265,075	91,390	0	0	356,465
Vocational	233,591	70	0	0	233,661
Other	7,525	0	0	0	7,525
Support Services:					
Pupils	167,055	30,667	0	0	197,722
Instructional Staff	291,887	22,962	0	0	314,849
Board of Education	2,225	0	0	0	2,225
Administration	710,905	25,062	0	0	735,967
Fiscal	192,046	783	0	0	192,829
Business	645	0	0	0	645
Operation and Maintenance of Plant	730,891	2,097	0	0	732,988
Pupil Transportation	419,325	867	0	0	420,192
Central	0	525	0	0	525
Non-Instructional Services	0	37	0	0	37
Extracurricular Activities	103,398	175,069	0	0	278,467
Capital Outlay	5,813	0	257,925	0	263,738
Debt Service:					
Principal Retirement	85,944	0	0	0	85,944
Interest and Fiscal Charges	47,794	0	0	0	47,794
Total Expenditures	<u>5,977,808</u>	<u>498,806</u>	<u>270,619</u>	<u>0</u>	<u>6,747,233</u>
Excess of Revenues Over (Under) Expenditures	(28,972)	9,372	31,576	1,153	13,129
Fund Balances (Deficit) at Beginning of Year	2,601,479	134,642	(2,778)	2,806	2,736,149
Increase in Reserve for Inventory	10,963	1,681	0	0	12,644
Fund Balances at End of Year	<u>\$ 2,583,470</u>	<u>\$ 145,695</u>	<u>\$ 28,798</u>	<u>\$ 3,959</u>	<u>\$ 2,761,922</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Ridgedale Local School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2000

	General Fund			Special Revenue Funds			Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>															
Property Taxes	\$ 2,171,108	\$ 2,235,517	\$ 64,409	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,171,108	\$ 2,235,517	\$ 64,409
Intergovernmental	2,739,463	2,814,751	75,288	164,149	168,998	4,849	299,607	299,607	0	0	0	3,203,219	3,283,356	80,137	
Interest	154,755	154,755	0	6,355	6,394	39	2,588	2,588	0	153	53	161,310	163,890	2,580	
Tuition and Fees	646,666	655,531	8,865	0	0	0	0	0	0	0	0	646,666	655,531	8,865	
Extracurricular Activities	0	0	0	279,623	293,978	14,355	0	0	0	0	0	279,623	293,978	14,355	
Gifts and Donations	0	1,253	1,253	7,922	8,782	860	0	0	0	400	1,000	8,322	11,035	2,713	
Miscellaneous	17,116	16,597	(519)	0	0	0	0	0	0	0	0	17,116	16,597	(519)	
<b>Total Revenues</b>	<b>5,729,108</b>	<b>5,878,404</b>	<b>149,296</b>	<b>458,049</b>	<b>478,152</b>	<b>20,103</b>	<b>299,707</b>	<b>302,195</b>	<b>2,488</b>	<b>500</b>	<b>1,153</b>	<b>6,487,364</b>	<b>6,659,904</b>	<b>172,540</b>	
<b>Expenditures:</b>															
<b>Current:</b>															
<b>Instruction:</b>															
Regular	2,786,976	2,722,685	64,291	162,185	150,821	11,364	23,929	21,280	2,649	600	0	2,973,690	2,894,786	78,904	
Special	280,961	256,972	23,989	92,149	91,760	389	0	0	0	0	0	373,110	348,732	24,378	
Vocational	237,941	230,971	6,970	70	0	70	0	0	0	0	0	238,011	231,041	6,970	
Other	15,000	5,779	9,221	0	0	0	0	0	0	0	0	15,000	5,779	9,221	
<b>Support Services:</b>															
Pupils	174,324	163,467	10,857	32,729	30,645	2,084	0	0	0	0	0	207,053	194,112	12,941	
Instructional Staff	275,522	268,223	7,299	25,563	19,638	5,925	0	0	0	0	0	301,085	287,861	13,224	
Board of Education	10,285	8,642	1,643	0	0	0	0	0	0	0	0	10,285	8,642	1,643	
Administration	756,590	716,714	39,876	27,478	24,284	3,194	0	0	0	0	0	784,068	740,998	43,070	
Fiscal	201,226	196,573	4,653	783	783	0	0	0	0	0	0	202,009	197,356	4,653	
Business	1,485	680	805	0	0	0	0	0	0	0	0	1,485	680	805	
Operation and Maintenance of Plant	752,851	731,933	20,918	2,097	2,097	0	0	0	0	0	0	754,948	734,030	20,918	
Pupil Transportation	525,492	510,395	15,097	0	0	0	0	0	0	0	0	525,492	510,395	15,097	
Central	0	0	0	525	525	0	0	0	0	0	0	525	525	0	
Non-Instructional Services	111,208	102,625	8,583	37	37	0	0	0	0	0	0	296,583	277,373	19,210	
Extracurricular Activities	3,313	7,750	(4,437)	185,375	174,748	10,627	383,368	361,368	22,000	0	0	386,681	369,118	17,563	
Capital Outlay	30,000	30,000	0	0	0	0	0	0	0	0	0	30,000	30,000	0	
Principal Retirement	5,775	5,775	0	0	0	0	0	0	0	0	0	5,775	5,775	0	
Interest and Fiscal Charges	6,168,949	5,959,184	209,765	528,991	495,408	33,583	407,297	382,648	24,649	600	0	7,105,837	6,837,240	268,597	
<b>Total Expenditures</b>	<b>(439,841)</b>	<b>(80,780)</b>	<b>359,061</b>	<b>(70,942)</b>	<b>(17,256)</b>	<b>53,686</b>	<b>(107,590)</b>	<b>(80,453)</b>	<b>27,137</b>	<b>(100)</b>	<b>1,153</b>	<b>(618,473)</b>	<b>(177,336)</b>	<b>441,137</b>	
Excess of Revenues Over (Under) Expenditures															
<b>Other Financing Sources (Uses):</b>															
Refund of Prior Year Expenditures	0	27,222	27,222	0	0	0	0	0	0	0	0	0	0	27,222	27,222
Advances In	0	0	0	0	0	0	29,437	29,437	0	0	0	29,437	29,437	0	
Advances Out	(29,437)	(29,437)	0	0	0	0	0	0	0	0	0	(29,437)	(29,437)	0	
<b>Total Other Financing Sources (Uses)</b>	<b>(29,437)</b>	<b>(2,215)</b>	<b>27,222</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,437</b>	<b>29,437</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,222</b>	<b>27,222</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(469,278)	(82,995)	386,283	(70,942)	(17,256)	53,686	(78,153)	(51,016)	27,137	(100)	1,153	(618,473)	(150,114)	468,359	
Fund Balances at Beginning of Year	2,486,690	2,486,690	0	139,401	139,401	0	106,602	106,602	0	2,806	2,806	2,735,499	2,735,499	0	
Prior Year Encumbrances Appropriated	39,172	39,172	0	484	484	0	2,649	2,649	0	0	0	42,305	42,305	0	
<b>Fund Balances at End of Year</b>	<b>2,056,584</b>	<b>2,442,867</b>	<b>386,283</b>	<b>68,943</b>	<b>122,629</b>	<b>53,686</b>	<b>31,098</b>	<b>58,235</b>	<b>27,137</b>	<b>2,706</b>	<b>3,959</b>	<b>2,159,331</b>	<b>2,627,690</b>	<b>468,359</b>	



Ridgedale Local School District  
 Combined Statement of Revenues, Expenses,  
 and Changes in Fund Equity  
 Proprietary Fund Type and Non-Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2000

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
<u>Operating Revenues:</u>			
Sales	\$ 207,458	\$0	\$ 207,458
Interest	0	1,019	1,019
Contributions and Donations	0	626	626
Other Operating Revenues	496	0	496
Total Operating Revenues	<u>207,954</u>	<u>1,645</u>	<u>209,599</u>
<u>Operating Expenses:</u>			
Salaries	91,306	0	91,306
Fringe Benefits	38,495	0	38,495
Purchased Services	6,442	0	6,442
Materials and Supplies	4,005	0	4,005
Cost of Sales	151,396	0	151,396
Depreciation	646	0	646
Other Operating Expenses	1,071	250	1,321
Total Operating Expenses	<u>293,361</u>	<u>250</u>	<u>293,611</u>
Operating Income (Loss)	<u>(85,407)</u>	<u>1,395</u>	<u>(84,012)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	21,965	0	21,965
Operating Grants	56,668	0	56,668
Interest	2,692	0	2,692
Total Non-Operating Revenues	<u>81,325</u>	<u>0</u>	<u>81,325</u>
Net Income (Loss)	(4,082)	1,395	(2,687)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>(969)</u>	<u>18,228</u>	<u>17,259</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(5,051)	19,623	14,572
Contributed Capital at Beginning and End of Year	32,640	0	32,640
Total Fund Equity at End of Year	<u>\$ 27,589</u>	<u>\$ 19,623</u>	<u>\$ 47,212</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



Ridgedale Local School District  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Non-Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 207,363	\$ 0	\$ 207,363
Cash Received from Contributions and Donations	0	626	626
Cash Payments for Salaries	(87,659)	0	(87,659)
Cash Payments for Fringe Benefits	(38,136)	0	(38,136)
Cash Payments to Suppliers for Goods and Services	(139,695)	0	(139,695)
Cash Payments for Other Expenses	(1,071)	(750)	(1,821)
Net Cash Used for Operating Activities	<u>(59,198)</u>	<u>(124)</u>	<u>(59,322)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	57,942	0	57,942
Net Cash Flows from Noncapital Financing Activities	<u>57,942</u>	<u>0</u>	<u>57,942</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Payments for Fixed Assets	(1,318)	0	(1,318)
Net Cash Flows from Capital and Related Financing Activities	<u>(1,318)</u>	<u>0</u>	<u>(1,318)</u>
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	2,692	1,019	3,711
Net Cash Flows from Investing Activities	<u>2,692</u>	<u>1,019</u>	<u>3,711</u>
Net Increase in Cash and Cash Equivalents	118	895	1,013
Cash and Cash Equivalents at Beginning of Year	46,808	18,728	65,536
Cash and Cash Equivalents at End of Year	<u>\$ 46,926</u>	<u>\$ 19,623</u>	<u>\$ 66,549</u>
Reconciliation of Operating Income (Loss) to Net			
<u>Cash Used for Operating Activities:</u>			
Operating Income (Loss)	(85,407)	1,395	(84,012)
Adjustments to Reconcile Operating Income (Loss) to Net			
<u>Cash Used for Operating Activities:</u>			
Depreciation	646	0	646
Donated Commodities Used During Year	21,965	0	21,965
Interest Reported as Operating Income	0	(1,019)	(1,019)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(591)	0	(591)
Increase in Prepaid Items	(123)	0	(123)
Increase in Inventory Held for Resale	(352)	0	(352)
Increase in Materials and Supplies Inventory	(66)	0	(66)
Increase in Accrued Wages and Benefits	2,440	0	2,440
Increase in Compensated Absences Payable	1,455	0	1,455
Increase in Intergovernmental Payable	835	(500)	335
Net Cash Used for Operating Activities	<u>\$ (59,198)</u>	<u>\$ (124)</u>	<u>\$ (59,322)</u>
Reconciliation of Non-Expendable Trust Funds Cash and Cash Equivalents to Balance Sheet:			
All Fiduciary Fund Types		\$54,612	
Less Agency Funds		(31,030)	
Less Expendable Trust Funds		(3,959)	
Cash and Cash Equivalents - Non-Expendable Trust Funds		<u>\$19,623</u>	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

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

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

The School District was established in 1957. The School District serves an area of approximately one hundred twenty-five square miles. It is located in Crawford, Marion, and Wyandot Counties. The School District is the 517<sup>th</sup> largest in the State of Ohio (among 660 school districts and community schools) in terms of enrollment. It is staffed by fifty classified employees, seventy-one certified teaching personnel, and six administrative employees who provide services to 1,076 students and other community members. The School District currently operates two elementary schools, a junior high/high school, and an administration building.

**Reporting Entity**

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

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

The School District is associated with two jointly governed organizations and an insurance pool. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Tri-Rivers Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

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

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

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

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

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

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

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

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

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

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

Fiduciary Fund Types

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

Account Groups

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

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

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

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

The proprietary fund type and non-expendable trust funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

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

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

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

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

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

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

**C. Budgetary 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.

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

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

The Early Childhood Preschool and Library Grant special revenue funds are flow through grants in which the North Central Ohio Educational Service Center and Pleasant Local School District are the primary recipients. Budgetary information for these funds is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Marion County Budget Commission for rate determination.

Estimated Resources

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

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal levels of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.



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

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for the governmental fund types and expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust funds.

Lapsing of Appropriations

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

**D. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Cash and cash equivalents held for the School District by the North Central Ohio Educational Service Center and Pleasant Local School District are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2000, investments were limited to non-negotiable certificates of deposit and STAR Ohio. Non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2000 was \$159,479, which included \$2,647 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**E. Prepaid Items**

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

**F. Inventory**

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

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to create a reserve for budget stabilization.

**H. Fixed Assets and Depreciation**

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

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

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

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables". Receivables and payables arising between funds for goods provided or services rendered are classified as "Due from/to other funds" on the combined balance sheet.

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

**J. Compensated Absences**

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

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

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term loans and capital leases are reported as liabilities in the general long-term obligations account group until due.

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

**L. Contributed Capital**

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary fund have been classified as retained earnings.

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

**M. Fund Balance Reserves and Designation**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust funds. The designation for budget stabilization represents revenues set aside that exceed statutorily required amounts.

**N. Intergovernmental Revenues**

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

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

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief  
School Bus Purchase Allocation

Non-Reimbursable Grants

Special Revenue Funds

Professional Development  
Education Management Information Systems  
SchoolNet Professional Development  
Ohio Reads  
Safe School Helpline  
Eisenhower  
Title VI-B  
Title I  
Title VI  
Drug Free  
Early Childhood Preschool  
Reducing Class Size  
School to Work  
Library Grant

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

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

Non-Reimbursable Grants

Capital Projects Funds

SchoolNet Plus  
Technology Equity  
Emergency Repair

Reimbursable Grants

General Fund

Driver Education

Proprietary Fund

National School Lunch Program  
Government Donated Commodities

Grants and entitlements were 49 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

**O. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**P. Estimates**

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

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

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

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

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2000, the Education Management Information Systems special revenue fund and the Emergency Repair capital projects fund had deficit fund balances of \$27 and \$29,437 respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers and/or advances to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service enterprise fund had deficit retained earnings of \$5,051 as a result of accumulated operating losses from prior years.

**B. Compliance**

The Professional Development, Eisenhower, and Title VI special revenue funds and the Capital Improvement capital projects fund had appropriations in excess of estimated resources plus available balances, in the amount of \$490, \$1,689, \$396, and \$929 respectively, for the fiscal year ended June 30, 2000.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust funds and as note disclosure in the proprietary fund type and non-expendable trust funds (GAAP basis).
4. For the proprietary fund, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Early Childhood Preschool and Library Grant special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

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

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	(\$28,972)	\$9,372	\$31,576
<u>Increase (Decrease) Due To:</u>			
Revenue Accruals:			
Accrued FY 1999, Received in Cash FY 2000	623,582	5,991	0
Accrued FY 2000, Not Yet Received in Cash	(650,334)	(30,632)	0
Expenditure Accruals:			
Accrued FY 1999, Paid in Cash FY 2000	(611,273)	(13,736)	(112,029)
Accrued FY 2000, Not Yet Paid in Cash	630,142	13,606	0
Cash Adjustments:			
Unrecorded Activity FY 2000	(110)	0	0
Prepaid Items	(13,345)	229	0
Advances In	0	0	29,437
Advances Out	(29,437)	0	0
Excess of Revenues Over Expenditures for Nonbudgeted Funds	(1,764)	(266)	0
Encumbrances Outstanding at Year End (Budget Basis)	(1,484)	(1,820)	0
Budget Basis	(\$82,995)	(\$17,256)	(\$51,016)

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

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (continued)

Net Income (Loss)/Excess of Revenues Over Expenses  
Proprietary Fund Type and Non-Expendable Trust Funds

	Proprietary Fund Type	Non-Expendable Trust
	Enterprise	Trust
GAAP Basis	(\$4,082)	\$1,395
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 1999, Received in Cash FY 2000	8,148	0
Accrued FY 2000, Not Yet Received in Cash	(7,465)	0
Expense Accruals:		
Accrued FY 1999, Paid in Cash FY 2000	(37,872)	(500)
Accrued FY 2000, Not Yet Paid in Cash	42,602	0
Prepaid Items	(123)	0
Inventory Held for Resale	(352)	0
Materials and Supplies Inventory	(66)	0
Acquisition of Fixed Assets	(1,318)	0
Depreciation Expense	646	0
Budget Basis	\$118	\$895

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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



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

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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

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

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

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

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

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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

At fiscal year end, the School District had \$555 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

At fiscal year end, the School District had \$2,307 in cash and cash equivalents with fiscal agents which are included on the balance sheet of the School District as "Cash and Cash Equivalents with Fiscal Agents". This represents \$543 held by the North Central Ohio Educational Service Center and \$1,764 held by Pleasant Local School District who hold this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No.3.

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

At fiscal year end, the carrying amount of the School District's deposits was \$637,417 and the bank balance was \$787,638. Of the bank balance, \$300,000 was covered by federal depository insurance and \$487,638 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or the School District's agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form. At June 30, 2000, the fair value of funds on deposit with STAR Ohio was \$2,090,711.

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

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$2,730,990	\$0
Cash on Hand	(555)	0
Cash and Cash Equivalents with Fiscal Agents	(2,307)	0
Investments:		
STAR Ohio	(2,090,711)	2,090,711
GASB Statement No. 3	\$637,417	\$2,090,711

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes were levied after April 1, 2000, on the assessed values as of January 1, 2000, 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 real and tangible personal property taxes were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

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**NOTE 6 - PROPERTY TAXES** (continued)

The School District receives property taxes from Crawford, Marion, and Wyandot Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$623,347 in the General Fund.

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$58,215,910	75.30%	\$58,873,190	75.88%
Industrial/Commercial	4,638,610	6.00	4,693,630	6.05
Public Utility	8,766,880	11.34	9,203,940	11.86
Tangible Personal	5,692,360	7.36	4,816,850	6.21
Total Assessed Value	<u>\$77,313,760</u>	<u>100.00%</u>	<u>\$77,587,610</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$48.10		\$48.15	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, accrued interest, interfund, and services charged to other funds. 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. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$56,181.

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

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**NOTE 7 - RECEIVABLES** (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
City of Marion	\$2,988
Auditor of State	16,112
Total General Fund	19,100
Special Revenue Funds	
Eisenhower	946
Title I	24,771
Total Special Revenue Funds	25,717
Enterprise Fund	
Food Service	
National School Lunch Program	6,357
Total Intergovernmental Receivables	\$51,174

**NOTE 8 - FIXED ASSETS**

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

Furniture and Equipment	\$137,771
Less Accumulated Depreciation	(127,188)
Net Fixed Assets	\$10,583

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

Asset Category	Balance at 6/30/99	Additions	Disposals	Balance at 6/30/00
Land and Improvements	\$720,528	\$56,859	\$0	\$777,387
Buildings and Improvements	3,550,125	359,149	0	3,909,274
Furniture, Fixtures, and Equipment	1,594,487	179,037	(125,626)	1,647,898
Books	396,516	11,120	(137,604)	270,032
Vehicles	919,461	193,787	(15,640)	1,097,608
Total	\$7,181,117	\$799,952	\$(278,870)	\$7,702,199

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

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**NOTE 9 - INTERFUND ASSETS/LIABILITIES**

At June 30, 2000, the General Fund had an interfund receivable and the Emergency Repair capital projects fund had an interfund payable, in the amount of \$29,437. At June 30, 2000, the Public School Support special revenue fund owed the Students Activities agency fund \$500 for services provided to that fund. This is reflected as "Due from/to Other Funds" on the combined balance sheet.

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted for the following insurance coverages.

Coverages provided by Nationwide Insurance are as follows:

Automobile Liability - umbrella policy	\$2,000,000
General Liability	
Per Occurrence	1,000,000
Total per Year	5,000,000
Employee Benefits Liability	500,000

Coverages provided by Indiana Insurance are as follows:

Uninsured Motorists	\$1,000,000
Medical Payments - per person	5,000
Building and Contents/Boiler and Machinery (\$500 deductible)	15,099,090
Inland Marine Coverage (\$100 deductible)	357,630
Bodily Injury	1,000,000
School Buses - hired and unowned liability (\$100 deductible comprehensive) (\$250 deductible collision)	1,000,000
Public Employee Dishonesty Bond	10,000

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

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

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

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**NOTE 10 - RISK MANAGEMENT** (continued)

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

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$174,673, \$172,112, and \$290,927, respectively; 82 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$31,029, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

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

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$45,758, \$59,330, and \$60,933, respectively; 42 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$26,645, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

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

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$232,898 for fiscal year 2000.

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

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



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

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (continued)

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$83,573 for fiscal year 2000.

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

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred thirty-five days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of thirty to sixty days depending on the employee's length of service.

**B. Health Care Benefits**

The School District offered health insurance to most employees through Medical Mutual of Ohio. The employees shared the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

Dental insurance was offered through Coresource and life insurance was offered through National Term Life Insurance Company. Dental and life insurance were paid entirely by the Board.

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

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**NOTE 14 - LONG-TERM OBLIGATIONS**

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

	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Energy Conservation Loan FY 93 5.50%	\$120,000	\$0	\$(30,000)	\$90,000
Compensated Absences Payable	382,932	4,440	0	387,372
Intergovernmental Payable	46,028	47,147	(46,028)	47,147
Capital Leases Payable	568,104	0	(55,944)	512,160
<b>Total General Long-Term Obligations</b>	<b>\$1,117,064</b>	<b>\$51,587</b>	<b>\$(131,972)</b>	<b>\$1,036,679</b>

Energy Conservation Loan - On September 1, 1992, the School District obtained a loan, in the amount of \$331,000, to provide energy conservation measures for the School District. The loan was obtained under the authority of Ohio Revised Code Section 133.06 for a ten year period, with final maturity in fiscal year 2003. The loan is being retired through the General Fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

The School District's overall debt margin was \$6,982,885 with an unvoted debt margin of \$77,588 at June 30, 2000.

Principal and interest requirements to retire the energy conservation loan at June 30, 2000, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$30,000	\$4,125	\$34,125
2002	30,000	2,475	32,475
2003	30,000	825	30,825
<b>Total</b>	<b>\$90,000</b>	<b>\$7,425</b>	<b>\$97,425</b>

**NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for vehicles. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$698,536. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 were \$55,944 in the governmental funds.

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

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**NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE** (continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
2001	\$100,258
2002	100,258
2003	100,258
2004	100,258
2005	100,258
2006-2009	166,119
Total minimum lease payments	667,409
Less: amount representing interest	(155,249)
Present value of minimum lease payments	\$512,160

**NOTE 16 - RESERVATIONS OF FUND BALANCE**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000.

	Textbooks	Capital Improvements	Budget Stabilization	
			Reserved	Designated
Balance 7/1/99 (restated)	\$0	\$0	\$38,642	\$28,950
Current Year Set-Aside Requirement	118,173	118,173	0	0
Qualifying Expenditures	(118,173)	(118,173)	0	0
Reserve/Designated Balance June 30, 2000	\$0	\$0	\$38,642	\$28,950

The restatement of 7/1/99 balances is due to the School District's required fiscal year 1999 budget reserve being less than its Workers' Compensation refund.

The total reserve balance for the set asides at the end of the fiscal year was \$38,642.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Tri-Rivers Educational Computer Association**

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**B. Tri-Rivers Joint Vocational School**

The Tri-Rivers Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operates under the direction of a Board consisting of one representative from each of the ten participating school districts' Board of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Terril Martin, who serves as Treasurer, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**NOTE 18 - INSURANCE POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Plan** - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 19 - STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,542,303 of school foundation support for its General Fund.

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

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**NOTE 19 - STATE SCHOOL FUNDING DECISION** (continued)

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

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

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

**NOTE 20 - CONTINGENT LIABILITIES**

**A. Grants**

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

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
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Facsimile 614.846.2799

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Education  
Ridgedale Local School District  
3105 Hillman-Ford Road  
Morral, Ohio 43337

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

### Compliance

As part of obtaining reasonable assurance about whether Ridgedale Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of finding as item 2000-RLSD-001. We also noted certain immaterial instances of noncompliance that we have reported to management of Ridgedale Local School District in a separate letter dated December 13, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ridgedale Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

Board of Education  
Ridgedale Local School District

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Ridgedale Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of finding as item 2000-RLSD-001.

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

This report is intended for the information and use of the management and Board of Education of Ridgedale Local School District, Marion County, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
December 13, 2000

**SCHEDULE OF FINDING**

**RIDGEDALE LOCAL SCHOOL DISTRICT  
MARION COUNTY  
JUNE 30, 2000**

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

Finding Number	2000-RLSD-001
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues plus available balances.

It was noted during the audit that the total appropriations exceeded the total estimated revenues plus available balances in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Special Revenue	Professional Development	\$ 490
Special Revenue	Eisenhower	1,689
Special Revenue	Title VI	396
Capital Projects	Capital Improvement	929

With appropriations exceeding revenues, the School District is spending monies that are not lawfully appropriated for those purposes and thus cause a fund deficit.

We recommend that the School District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated revenue records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the School District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated revenues. In addition, the School District should monitor its budgetary process on a regular basis.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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800-282-0370  
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**RIDGEDALE LOCAL SCHOOL DISTRICT**

**MARION 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  
JANUARY 11, 2001**