

RIDGEWOOD LOCAL SCHOOL DISTRICT
ANNUAL AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Ridgewood Local School District, Coshocton County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 16, 2008

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**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Board of Education
Ridgewood Local School District
West Lafayette, Ohio 43845

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 2008, on our consideration of Ridgewood Local School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 13, 2008

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCTON COUNTY**

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

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

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

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities decreased \$303,634, which represents a 1.69% decrease from net assets at June 30, 2007 as restated (see Note 3.A.).
- General revenues accounted for \$10,154,282 in revenue or 79.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,562,194 or 20.15% of total revenues of \$12,716,476.
- The District had \$12,680,644 in expenses related to governmental activities; \$2,562,194 of these expenses was offset by program specific charges for services, grants or contributions. The District also had a special item loss of \$339,466. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,154,282 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$10,496,893 in revenues, other financing sources and special items and \$9,861,079 in expenditures and other financing uses. During fiscal year 2008 the general fund's fund balance increased \$635,814 from \$2,217,904 to \$2,853,718.

Using these Basic Financial Statements

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

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

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds

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

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

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

The District as a Whole

The statement of net assets provides the perspective of the District as a whole. Net assets at June 30, 2007 have been restated, as described in Note 3.A. of the notes to the basic financial statements.

The table below provides a summary of the District's net assets for 2008 and 2007.

	Net Assets	
	Governmental Activities 2008	(Restated) Governmental Activities 2007
<u>Assets</u>		
Current and other assets	\$ 8,784,528	\$ 7,717,460
Capital assets, net	<u>17,497,990</u>	<u>18,532,441</u>
Total assets	<u>26,282,518</u>	<u>26,249,901</u>
<u>Liabilities</u>		
Current liabilities	4,135,792	3,760,864
Long-term liabilities	<u>4,468,483</u>	<u>4,507,160</u>
Total liabilities	<u>8,604,275</u>	<u>8,268,024</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	14,058,993	14,907,881
Restricted	1,095,675	1,360,435
Unrestricted	<u>2,523,575</u>	<u>1,713,561</u>
Total net assets	<u>\$ 17,678,243</u>	<u>\$ 17,981,877</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$17,678,243. Of this total, \$1,095,675 is restricted in use.

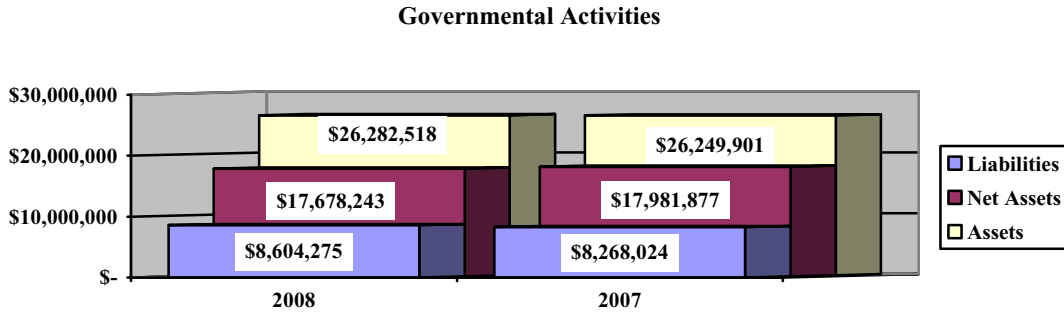
**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

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

At year-end, capital assets represented 66.58% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and library and textbooks. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$14,058,993. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,095,675, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$2,523,575 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below presents the District's governmental activities assets, liabilities and net assets for fiscal year 2008 and 2007.



The table below shows the change in net assets for fiscal year 2008 and 2007. Certain amounts for 2007 have been reclassified to conform to 2008 presentation. In addition, net assets at June 30, 2007 have been restated as described in Note 3.A.

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Revenues		
Program revenues:		
Charges for services and sales	\$ 793,259	\$ 753,637
Operating grants and contributions	1,755,310	1,486,523
Capital grants and contributions	13,625	-
General revenues:		
Property taxes	2,902,719	2,745,426
Grants and entitlements	7,065,242	7,053,734
Investment earnings	171,510	254,262
Other	<u>14,811</u>	<u>47,955</u>
Total revenues	<u>12,716,476</u>	<u>12,341,537</u>

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

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

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 6,099,839	\$ 5,730,922
Special	1,032,956	890,504
Vocational	230,224	216,991
Other	38,715	53,791
Support services:		
Pupil	456,548	431,916
Instructional staff	613,652	561,823
Board of education	19,147	11,406
Administration	818,068	806,885
Fiscal	332,295	275,012
Operations and maintenance	1,149,232	1,614,507
Pupil transportation	790,969	709,811
Central	2,819	-
Operations of non-instructional services:		
Food service operations	548,538	547,022
Extracurricular activities	403,102	335,725
Interest and fiscal charges	<u>144,540</u>	<u>203,819</u>
Total expenses	<u>12,680,644</u>	<u>12,390,134</u>
Special item	<u>(339,466)</u>	<u>-</u>
Change in net assets	(303,634)	(48,597)
Net assets at beginning of year (restated)	<u>17,981,877</u>	<u>18,030,474</u>
Net assets at end of year	<u>\$ 17,678,243</u>	<u>\$ 17,981,877</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$303,634. Total governmental expenses and special item of \$13,020,110 were offset by program revenues of \$2,562,194 and general revenues of \$10,154,282. Program revenues supported 20.21% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 78.39% of total governmental revenue.

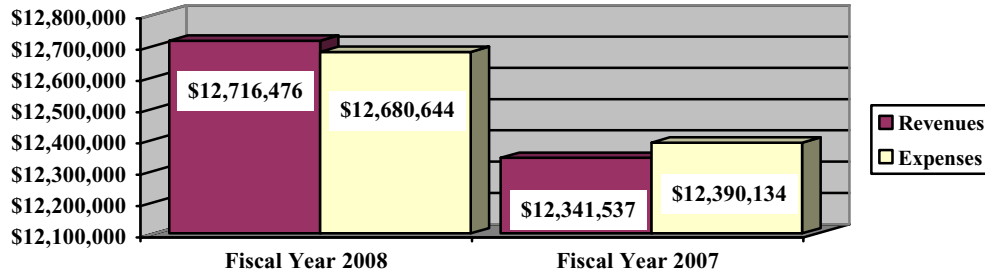
The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,401,734 or 58.37% of total governmental expenses for fiscal 2008.

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

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

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2008 and 2007.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Certain "net cost of services" for 2007 have been restated to conform to 2008 presentation.

Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Restated Net Cost of Services 2007
Program expenses				
Instruction:				
Regular	\$ 6,099,839	\$ 5,416,606	\$ 5,730,922	\$ 5,299,680
Special	1,032,956	336,685	890,504	245,083
Vocational	230,224	142,122	216,991	141,599
Other	38,715	38,715	53,791	53,791
Support services:				
Pupil	456,548	456,176	431,916	421,406
Instructional staff	613,652	416,983	561,823	284,867
Board of education	19,147	19,147	11,406	11,406
Administration	818,068	798,278	806,885	760,268
Fiscal	332,295	332,295	275,012	275,012
Operations and maintenance	1,149,232	1,141,672	1,614,507	1,614,507
Pupil transportation	790,969	763,570	709,811	690,761
Central	2,819	2,819	-	-
Operation of non-instructional services:				
Food service operations	548,538	(127,203)	547,022	(45,338)
Extracurricular activities	403,102	236,045	335,725	193,113
Interest and fiscal charges	144,540	144,540	203,819	203,819
Total expenses	<u>\$ 12,680,644</u>	<u>\$ 10,118,450</u>	<u>\$ 12,390,134</u>	<u>\$ 10,149,974</u>

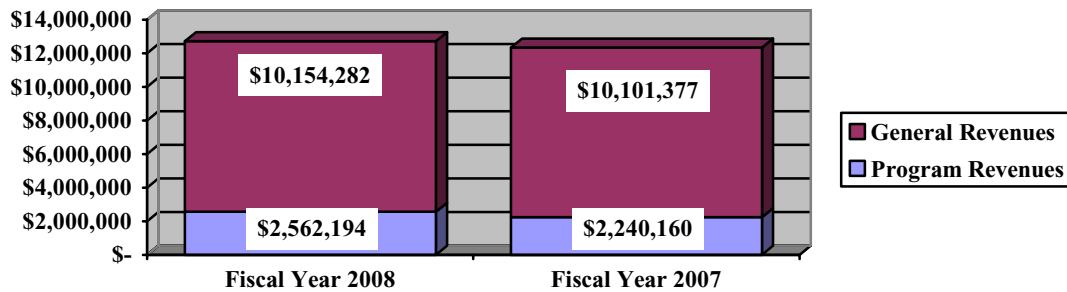
**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY, OHIO**

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

The dependence upon tax and other general revenues for governmental activities is apparent, 80.17% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.85%. The District's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2008 and 2007. Revenues for 2007 have been reclassified to conform to 2008 presentation.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$4,237,123, which is greater than last year's total of \$3,435,870. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	<u>Increase</u>	Percentage <u>Change</u>
General	\$ 2,853,718	\$ 2,217,904	\$ 635,814	28.67 %
Other governmental	<u>1,383,405</u>	<u>1,217,966</u>	<u>165,439</u>	13.58 %
Total	<u>\$ 4,237,123</u>	<u>\$ 3,435,870</u>	<u>\$ 801,253</u>	23.32 %

General Fund

The District's general fund balance increased \$635,814. The increase in fund balance can be attributed to revenues of \$10,464,098 being greater than expenditures of \$9,826,079. Revenues exceed expenditures for fiscal year 2008 by \$638,019.

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

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

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 2,409,454	\$ 2,356,082	\$ 53,372	2.27 %
Tuition	305,711	252,949	52,762	20.86 %
Earnings on investments	157,770	222,423	(64,653)	(29.07) %
Intergovernmental	7,465,012	7,342,164	122,848	1.67 %
Other revenues	<u>126,151</u>	<u>54,820</u>	<u>71,331</u>	130.12 %
Total	<u>\$ 10,464,098</u>	<u>\$ 10,228,438</u>	<u>\$ 235,660</u>	2.30 %
<u>Expenditures</u>				
Instruction	\$ 5,891,190	\$ 5,712,338	\$ 178,852	3.13 %
Support services	3,714,348	3,678,204	36,144	0.98 %
Extracurricular activities	193,997	188,268	5,729	3.04 %
Debt service	<u>26,544</u>	<u>31,974</u>	<u>(5,430)</u>	(16.98) %
Total	<u>\$ 9,826,079</u>	<u>\$ 9,610,784</u>	<u>\$ 215,295</u>	2.24 %

The increase in tuition revenue of \$52,762 is due to an increase in open enrollment revenue received during the fiscal year. Earnings on investments decreased \$64,653 due to lower interest rates during the fiscal year. Other revenues increased \$71,331, which is primarily due to contributions and donations received during the fiscal year. All other revenue remained consistent with the prior fiscal year.

The increase in instruction and support service expenditures is primarily due to slightly increased wage and benefit costs during the fiscal year. Another reason for the increase in support services is the increase in maintenance expenditures and increasing fuel costs for pupil transportation. All other expenditures remained consistent with the prior fiscal year.

General Fund Budgeting Highlights

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

During the course of fiscal 2008, the District amended its general fund budget several times. For the general fund, original budgeted revenues and special item were \$9,785,054 and final budgeted revenues and special item were increased to \$10,007,831 from the original. Actual revenues, other financing sources and special item for fiscal 2008 were \$10,503,498, which represents an increase of \$495,667 over final budgeted revenues and special item.

General fund original appropriations (appropriated expenditures including other financing uses) were \$10,193,139. General fund final appropriations (appropriated expenditures including other financing uses) were \$10,424,809. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$9,966,034, which was \$458,775 less than the final budgeted appropriations.

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

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the District had \$17,497,990 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and library and textbooks. This entire amount is reported in governmental activities. 2007 capital asset balances were restated as described in Note 3.A in the notes to the basic financial statements. The following table shows fiscal 2008 balances compared to 2007:

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

	Governmental Activities	
	2008	(Restated) 2007
Land	\$ 194,966	\$ 199,819
Land improvements	1,217,093	1,253,237
Building and improvements	15,073,242	16,007,358
Furniture and equipment	664,978	778,952
Vehicles	301,339	213,970
Library and textbooks	46,372	79,105
Total	\$ 17,497,990	\$ 18,532,441

The overall decrease in capital assets of \$1,034,451 is due to depreciation expense of \$825,260 exceeding capital outlay of \$292,010 and disposals (net of accumulated depreciation) of \$501,201 during the fiscal year.

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

Debt Administration

At June 30, 2008, the District had \$3,223,393 in general obligation bonds outstanding. Of this total, \$180,000 is due within one year and \$3,043,393 is due within greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2008	Governmental Activities 2007
General obligation bonds	\$ 3,043,393	\$ 3,381,716
Total	\$ 3,043,393	\$ 3,381,716

At June 30, 2008, the District's overall legal debt margin was \$8,092,983, and an unvoted debt margin of \$119,992.

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

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

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

Current Financial Related Activities

Ridgewood Local School District has continued to maintain the highest standards of service to its students, parents, and community. Prior to the start of the 2007/2008 school year, in an effort to remain fiscally responsible and provide better educational opportunities for all students, the District closed Plainfield and Fresno elementary schools. The three remaining buildings were reconfigured for students with Ridgewood Elementary School including grades Pre K-3, Ridgewood Middle School including grades 4-7, and Ridgewood High School including grades 8-12.

Financially, the District continues to operate in a fiscally responsible manner. The District ended the 2007/2008 fiscal year by spending less than was received. The financial future of the District is not without its challenges, however. The Board of Education and administration must continue to closely monitor its revenues and expenditures in accordance with its five-year forecast.

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 5,522,767
Receivables:	
Taxes	3,023,119
Accounts	12,203
Intergovernmental	141,405
Prepayments	12,468
Materials and supplies inventory	13,653
Unamortized bond issue costs	58,913
Capital assets:	
Land	194,966
Depreciable capital assets, net	17,303,024
Capital assets, net.	<u>17,497,990</u>
 Total assets.	 <u>26,282,518</u>
 Liabilities:	
Accounts payable.	22,583
Accrued wages and benefits	877,756
Pension obligation payable.	218,668
Intergovernmental payable	75,052
Accrued interest payable	10,193
Claims payable.	251,460
Unearned revenue.	2,680,080
Long-term liabilities:	
Due within one year.	278,878
Due in more than one year	4,189,605
Total liabilities	<u>8,604,275</u>
 Net assets:	
Invested in capital assets, net of related debt.	14,058,993
Restricted for:	
Capital projects.	219,377
Debt service.	508,742
Classroom facilities maintenance.	271,760
State funded programs.	1,151
Federally funded programs.	18,520
Student activities.	30,061
Other purposes	46,064
Unrestricted	<u>2,523,575</u>
Total net assets	<u><u>\$ 17,678,243</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 6,099,839	\$ 357,010	\$ 321,392	\$ 4,831	\$ (5,416,606)
Special	1,032,956	-	696,271	-	(336,685)
Vocational	230,224	-	88,102	-	(142,122)
Other	38,715	-	-	-	(38,715)
Support services:					
Pupil	456,548	-	372	-	(456,176)
Instructional staff	613,652	293	196,376	-	(416,983)
Board of education	19,147	-	-	-	(19,147)
Administration	818,068	-	19,790	-	(798,278)
Fiscal	332,295	-	-	-	(332,295)
Operations and maintenance	1,149,232	-	7,560	-	(1,141,672)
Pupil transportation	790,969	5,894	12,711	8,794	(763,570)
Central	2,819	-	-	-	(2,819)
Operation of non-instructional services:					
Food service operations	548,538	265,005	410,736	-	127,203
Extracurricular activities	403,102	165,057	2,000	-	(236,045)
Interest and fiscal charges	144,540	-	-	-	(144,540)
Total governmental activities	\$ 12,680,644	\$ 793,259	\$ 1,755,310	\$ 13,625	(10,118,450)
General revenues:					
Property taxes levied for:					
					2,476,105
					380,362
					46,252
Grants and entitlements not restricted to specific programs					
					7,065,242
					171,510
					14,811
					<u>10,154,282</u>
Special item:					
					(339,466)
					(303,634)
					<u>17,981,877</u>
					<u>\$ 17,678,243</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,743,388	\$ 1,452,203	\$ 5,195,591
Receivables:			
Taxes	2,714,601	308,518	3,023,119
Accounts	12,203	-	12,203
Intergovernmental	-	141,405	141,405
Due from other funds	4,076	-	4,076
Prepayments	12,468	-	12,468
Materials and supplies inventory	-	13,653	13,653
Restricted assets:			
Equity in pooled cash and cash equivalents	46,064	-	46,064
Total assets	\$ 6,532,800	\$ 1,915,779	\$ 8,448,579
Liabilities:			
Accounts payable	\$ 10,724	\$ 11,859	\$ 22,583
Accrued wages and benefits	752,889	124,867	877,756
Compensated absences payable	63,106	879	63,985
Pension obligation payable	179,807	38,861	218,668
Intergovernmental payable	70,830	4,222	75,052
Due to other funds	-	4,076	4,076
Deferred revenue	193,201	76,055	269,256
Unearned revenue	2,408,525	271,555	2,680,080
Total liabilities	3,679,082	532,374	4,211,456
Fund balances:			
Reserved for encumbrances	17,949	33,269	51,218
Reserved for materials and supplies inventory	-	13,653	13,653
Reserved for prepayments	12,468	-	12,468
Reserved for property tax unavailable for appropriation	112,875	14,245	127,120
Reserved for BWC refunds	42,320	-	42,320
Reserved for capital acquisition	3,744	-	3,744
Reserved for debt service	-	485,973	485,973
Unreserved:			
Designation for budget stabilization	54,777	-	54,777
Undesignated, reported in:			
General fund	2,609,585	-	2,609,585
Special revenue funds	-	618,088	618,088
Capital projects funds	-	218,177	218,177
Total fund balances	2,853,718	1,383,405	4,237,123
Total liabilities and fund balances	\$ 6,532,800	\$ 1,915,779	\$ 8,448,579

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Total governmental fund balances		\$	4,237,123
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			17,497,990
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	215,919	
Intergovernmental revenue		53,337	
Total			269,256
Unamortized bond issue costs are not recognized in the funds			58,913
Unamortized premiums on bond issuance are not recognized in the funds.			(246,537)
Unamortized deferred charges on refundings are not recognized in the funds.			187,624
An internal service fund is used by management to charge the costs of health and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			29,652
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(10,193)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		888,192	
Capital lease obligations		234,000	
General obligation bonds payable		3,223,393	
Total			(4,345,585)
Net assets of governmental activities		\$	17,678,243

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 2,409,454	\$ 424,734	\$ 2,834,188
Tuition	305,711	-	305,711
Charges for services	-	265,005	265,005
Earnings on investments	157,770	36,290	194,060
Extracurricular	-	164,111	164,111
Classroom materials and fees	7,393	43,186	50,579
Other local revenues	118,758	34,336	153,094
Intergovernmental - State	7,465,012	202,467	7,667,479
Intergovernmental - Federal	-	1,083,881	1,083,881
Total revenue	<u>10,464,098</u>	<u>2,254,010</u>	<u>12,718,108</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,088,002	222,285	5,310,287
Special	543,820	453,062	996,882
Vocational	221,102	-	221,102
Other	38,266	-	38,266
Support services:			
Pupil	444,936	442	445,378
Instructional staff	345,368	256,798	602,166
Board of education	19,147	-	19,147
Administration	719,974	42,440	762,414
Fiscal	310,860	18,083	328,943
Operations and maintenance	1,033,221	205,643	1,238,864
Pupil transportation	838,023	7,739	845,762
Central	2,819	-	2,819
Operation of non-instructional services:			
Food service operations	-	519,574	519,574
Extracurricular activities	193,997	181,302	375,299
Facilities acquisition and construction	-	45,128	45,128
Debt service:			
Principal retirement	15,560	170,000	185,560
Interest and fiscal charges	10,984	134,025	145,009
Total expenditures	<u>9,826,079</u>	<u>2,256,521</u>	<u>12,082,600</u>
Excess of revenues over (under) expenditures	<u>638,019</u>	<u>(2,511)</u>	<u>635,508</u>
Other financing sources (uses):			
Transfers in	-	35,000	35,000
Transfers (out)	(35,000)	-	(35,000)
Sale of assets	4,010	-	4,010
Total other financing sources (uses)	<u>(30,990)</u>	<u>35,000</u>	<u>4,010</u>
Special item:			
Sale of elementary schools	<u>28,785</u>	<u>132,950</u>	<u>161,735</u>
Net change in fund balances	635,814	165,439	801,253
Fund balance at beginning of year	<u>2,217,904</u>	<u>1,217,966</u>	<u>3,435,870</u>
Fund balance at end of year	<u>\$ 2,853,718</u>	<u>\$ 1,383,405</u>	<u>\$ 4,237,123</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Net change in fund balances - total governmental funds	\$	801,253
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Additions	\$ 292,010	
Depreciation expense	<u>(825,260)</u>	
Total		(533,250)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(501,201)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	68,531	
Intergovernmental	<u>(74,173)</u>	
Total		(5,642)
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		185,560
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. Less interest is reported in the statement of activities due to the following:		
Decrease in accrued interest payable	12,146	
Accreted interest on "capital appreciation bonds"	(11,677)	
Amortization of bond issuance costs	(3,589)	
Amortization of bond premiums	15,018	
Amortization of deferred charges on refundings	<u>(11,429)</u>	
Total		469
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(74,810)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(176,013)</u>
Change in net assets of governmental activities	\$	<u>(303,634)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 2,270,873	\$ 2,322,574	\$ 2,374,879	\$ 52,305
Tuition.	202,392	207,000	294,642	87,642
Earnings on investments.	195,548	200,000	157,770	(42,230)
Classroom materials and fees	4,889	5,000	7,345	2,345
Other local revenues	111,549	114,089	117,672	3,583
Intergovernmental - State	<u>6,971,742</u>	<u>7,130,468</u>	<u>7,467,156</u>	<u>336,688</u>
Total revenue	<u>9,756,993</u>	<u>9,979,131</u>	<u>10,419,464</u>	<u>440,333</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,017,558	5,131,597	5,155,471	(23,874)
Special.	721,288	737,681	579,698	157,983
Vocational.	260,227	266,142	222,742	43,400
Other.	52,888	54,090	33,355	20,735
Support services:				
Pupil.	432,017	441,835	442,697	(862)
Instructional staff	351,830	359,826	347,438	12,388
Board of education	22,469	22,980	19,361	3,619
Administration.	799,788	817,966	763,739	54,227
Fiscal	313,035	320,150	313,563	6,587
Operations and maintenance.	1,145,417	1,171,450	984,026	187,424
Pupil transportation	867,591	887,310	871,417	15,893
Central.	-	-	2,805	(2,805)
Extracurricular activities.	<u>169,920</u>	<u>173,782</u>	<u>194,722</u>	<u>(20,940)</u>
Total expenditures	<u>10,154,028</u>	<u>10,384,809</u>	<u>9,931,034</u>	<u>453,775</u>
Excess of revenues over (under) expenditures.	<u>(397,035)</u>	<u>(405,678)</u>	<u>488,430</u>	<u>894,108</u>
Other financing sources (uses):				
Refund of prior year expenditure.	-	-	1,239	1,239
Transfers (out)	(39,111)	(40,000)	(35,000)	5,000
Advances in.	-	-	50,000	50,000
Sale of assets.	-	-	4,010	4,010
Total other financing sources (uses)	<u>(39,111)</u>	<u>(40,000)</u>	<u>20,249</u>	<u>60,249</u>
Special item:				
Sale of elementary buildings.	<u>28,061</u>	<u>28,700</u>	<u>28,785</u>	<u>85</u>
Net change in fund balance	(408,085)	(416,978)	537,464	954,442
Fund balance at beginning of year (restated).	3,027,248	3,027,248	3,027,248	-
Prior year encumbrances appropriated (restated).	<u>202,516</u>	<u>202,516</u>	<u>202,516</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,821,679</u>	<u>\$ 2,812,786</u>	<u>\$ 3,767,228</u>	<u>\$ 954,442</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 281,112
Total assets	<u>281,112</u>
Liabilities:	
Claims payable	<u>251,460</u>
Total liabilities	<u>251,460</u>
Net assets:	
Unrestricted	<u>29,652</u>
Total net assets	<u><u>\$ 29,652</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	\$ 1,589,128
Other	6,046
	1,595,174
Operating expenses:	
Purchased services	60,405
Claims	1,710,782
	1,771,187
Change in net assets.	(176,013)
Net assets at beginning of year.	205,665
Net assets at end of year	\$ 29,652

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 1,589,128
Cash received from other operations.	6,046
Cash payments for purchased services	(60,405)
Cash payments for claims.	<u>(1,528,988)</u>
 Net cash provided by operating activities	 <u>5,781</u>
 Net increase in cash and cash equivalents	 5,781
 Cash and cash equivalents at beginning of year. . .	 <u>275,331</u>
Cash and cash equivalents at end of year	<u><u>\$ 281,112</u></u>
 Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss.	\$ (176,013)
 Changes in assets and liabilities:	
Increase in claims payable	<u>181,794</u>
 Net cash provided by operating activities	 <u><u>\$ 5,781</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

		Agency
Assets:		
Equity in pooled cash and cash equivalents	\$	42,832
Receivables:		
Accounts		106
Total assets.	\$	42,938
Liabilities:		
Due to students	\$	42,938
Total liabilities	\$	42,938

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

NOTE 1 - DESCRIPTION OF SCHOOL DISTRICT

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

The District ranks as the 391st largest by total enrollment among the 896 public school districts and community schools in the State. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or Federal guidelines. It is staffed by 80 non-certificated employees and 96 certificated personnel who provide services to 1,387 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

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

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

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

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

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

Coshocton County Joint Vocational School District

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

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

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

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

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Worker's Compensation Group

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Other governmental funds of the District are used to account (a) for food service operations; (b) for the accumulation of resources for, and the repayment, of, long-term debt principal, interest and related costs; (c) for financial resources to be used for the acquisition, construction, or improvement of capital facilities; and (d) for grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUNDS

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

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

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

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

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

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

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue.

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

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

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

E. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated revenues establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control set by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate of estimated resources issued during fiscal year 2008.

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

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

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

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2008.

F. Cash and Investments

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

During fiscal year 2008, investments were limited to a repurchase agreement. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$157,770, which includes \$28,471 assigned from other funds.

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

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

G. Inventory

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

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

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	10 to 40 years
Buildings and improvements	10 to 40 years
Furniture and equipment	5 to 20 years
Vehicles	13 years
Library and textbooks	5 years

I. Interfund Balances

On the fund financial statements, the amounts payable to the general fund to cover deficit cash balances in the nonmajor governmental funds are classified as “due to/from other funds.” These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

GASB Statement No. 16, “Accounting for Compensated Absences”, specifies the method used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

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

The total liability for vacation and sick leave has been calculated using pay rates in effect at June 30, 2008 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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

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

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

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

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

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

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

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

M. Fund Balance Reserves/Designations

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, debt service, property tax revenue unavailable for appropriation, BWC refunds and capital acquisition. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute. A portion of fund balance has been designated for budget stabilization.

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

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

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

N. Net Assets

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

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

O. Prepayments

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

P. Estimates

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

Q. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish reserves for BWC refunds and capital acquisition. These reserves are required by State statute. A schedule of statutory reserves is presented in Note 17.

R. Interfund Activity

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

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

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

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2008, the District sold the buildings and associated land at Fresno and Plainfield Elementary Schools. The total sale proceeds of \$161,735 are reported as a special item on the statement of revenues, expenditures and changes in fund balance. The net loss of \$339,466 is reported as a special item on the statement of activities. The District did not have any extraordinary items during fiscal year 2008.

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

A. Prior Period Adjustments

Beginning net assets of the governmental activities have been restated in order to account for a reappraisal of capital assets during fiscal year 2008. See Note 8 for detail. The adjustment had the following effect on net assets of the governmental activities at June 30, 2007:

	Governmental Activities
Net assets at June 30, 2007	\$ 17,672,699
Adjustment for capital assets	309,178
Restated net assets at June 30, 2007	\$ 17,981,877

The beginning fund balance (budgetary basis) and prior year encumbrances of the District's general fund have been restated in order to correct errors reported in the prior fiscal year. The restatement of the general fund's budgetary-basis fund balance and prior year encumbrances at June 30, 2007 is as follows:

	General Fund	
	Unencumbered Fund balance	Prior year Encumbrances
Balance at June 30, 2007	\$ 3,365,525	\$ 272,714
Adjustment for errors	(338,277)	(70,198)
Restated balance at June 30, 2007	\$ 3,027,248	\$ 202,516

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

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

NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)

B. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

C. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor governmental funds</u>	
Alternative school grant	\$ 19,348
Poverty aid	70
Title I	10,532
Other grant	815

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

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

NOTE 4 - 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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$5,418,338, exclusive of the \$144,761 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$5,137,181 of the District's bank balance of \$5,438,217 was exposed to custodial risk as discussed below, while \$301,036 was covered by the Federal Deposit Insurance Corporation.

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

C. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair value</u>	<u>Investment maturities 6 months or less</u>
Repurchase agreement	\$ 144,761	\$ 144,761
	<u>\$ 144,761</u>	<u>\$ 144,761</u>

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Credit Risk: The District's investments in the federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the District's \$144,761 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
Repurchase agreement	\$ 144,761	100.00%
	<u>\$ 144,761</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 5,418,338
Investments	144,761
Cash on hand	2,500
Total	<u>\$ 5,565,599</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,522,767
Agency fund	42,832
Total	<u>\$ 5,565,599</u>

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

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

NOTE 5 - INTERFUND TRANSACTIONS

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

Transfers to nonmajor governmental funds from:	
General fund	\$ 35,000

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

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

B. Interfund balances at June 30, 2008 consisted of the following amounts due from and to other funds, as reported in the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 4,076

The primary purpose of the due from and to other funds is to cover negative cash balances in the alternative school grant fund and the drug free school grant fund, both nonmajor governmental funds. These negative cash balances are allowable under Ohio Revised Code Section 3315.20. The interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

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

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

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Coshocton, Guernsey and Tuscarawas Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available as an advance at June 30, 2008 was \$112,875 in the general fund, \$12,696 in the bond retirement fund, a nonmajor governmental fund and \$1,549 in the classroom facilities maintenance fund, a nonmajor governmental fund. These amounts have been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$76,672 in the general fund, \$13,984 in the bond retirement fund, a nonmajor governmental fund and none in the classroom facilities maintenance fund, a nonmajor governmental fund.

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

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

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 116,568,535	94.07	\$ 114,861,440	93.65
Public utility personal	3,633,640	2.93	5,197,260	4.24
Tangible personal property	<u>3,717,669</u>	<u>3.00</u>	<u>2,596,033</u>	<u>2.11</u>
Total	<u>\$ 123,919,844</u>	<u>100.00</u>	<u>\$ 122,654,733</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 43.00		\$ 43.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 3,023,119
Accounts	12,203
Intergovernmental	<u>141,405</u>
Total	<u>\$ 3,176,727</u>

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

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

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

NOTE 8 - CAPITAL ASSETS

Capital assets have been restated due to a reappraisal during fiscal year 2008. The restatement increased the net capital asset balance by \$309,178 at June 30, 2007.

	<u>Balance</u> <u>June 30, 2007</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>June 30, 2007</u>
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 194,966	\$ 4,853	\$ 199,819
Total capital assets, not being depreciated	<u>194,966</u>	<u>4,853</u>	<u>199,819</u>
Capital assets, being depreciated:			
Land improvements	2,054,262	(150,566)	1,903,696
Building and improvements	21,407,236	(230,084)	21,177,152
Furniture and equipment	3,291,602	(1,674,247)	1,617,355
Vehicles	1,111,307	(55,300)	1,056,007
Library and textbooks	<u>946,816</u>	<u>(92,987)</u>	<u>853,829</u>
Total capital assets, being depreciated	<u>28,811,223</u>	<u>(2,203,184)</u>	<u>26,608,039</u>
Less: accumulated depreciation			
Land improvements	(1,008,789)	358,330	(650,459)
Building and improvements	(5,624,951)	455,157	(5,169,794)
Furniture and equipment	(2,314,855)	1,476,452	(838,403)
Vehicles	(915,630)	73,593	(842,037)
Library and textbooks	<u>(918,701)</u>	<u>143,977</u>	<u>(774,724)</u>
Total accumulated depreciation	<u>(10,782,926)</u>	<u>2,507,509</u>	<u>(8,275,417)</u>
Governmental activities capital assets, net	<u>\$ 18,223,263</u>	<u>\$ 309,178</u>	<u>\$ 18,532,441</u>

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

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

NOTE 8 - CAPITAL ASSETS - (Continued)

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

	Restated Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2008</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 199,819	\$ -	\$ (4,853)	\$ 194,966
Total capital assets, not being depreciated	<u>199,819</u>	<u>-</u>	<u>(4,853)</u>	<u>194,966</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,903,696	77,096	-	1,980,792
Building and improvements	21,177,152	21,080	(1,043,165)	20,155,067
Furniture and equipment	1,617,355	48,299	(8,784)	1,656,870
Vehicles	1,056,007	145,535	(83,867)	1,117,675
Library and textbooks	<u>853,829</u>	<u>-</u>	<u>-</u>	<u>853,829</u>
Total capital assets, being depreciated	<u>26,608,039</u>	<u>292,010</u>	<u>(1,135,816)</u>	<u>25,764,233</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(650,459)	(113,240)	-	(763,699)
Building and improvements	(5,169,794)	(458,848)	546,817	(5,081,825)
Furniture and equipment	(838,403)	(162,273)	8,784	(991,892)
Vehicles	(842,037)	(58,166)	83,867	(816,336)
Library and textbooks	<u>(774,724)</u>	<u>(32,733)</u>	<u>-</u>	<u>(807,457)</u>
Total accumulated depreciation	<u>(8,275,417)</u>	<u>(825,260)</u>	<u>639,468</u>	<u>(8,461,209)</u>
Governmental activities capital assets, net	<u>\$ 18,532,441</u>	<u>\$ (533,250)</u>	<u>\$ (501,201)</u>	<u>\$ 17,497,990</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 702,853
<u>Support services:</u>	
Administration	9,266
Operations and maintenance	4,563
Pupil transportation	58,166
Food service operations	22,044
Extracurricular	<u>28,368</u>
Total depreciation expense	<u>\$ 825,260</u>

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

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

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years, the District entered into capital leases for the acquisition of copiers and an administrative building. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee at the conclusion of the lease term. At inception, the leases were accounted for as an other financing source and a capital outlay expenditure in the general fund. Capital lease payments have been reclassified and shown as debt service expenditures in the general fund. These expenditures will be reflected as function expenditures on a budgetary basis.

The general capital assets acquired by this capital lease have been capitalized in the governmental activities on the statement of net assets in the amount of \$335,731, which is equal to the present value of the future minimum lease payments as of the date of their inception. Accumulated depreciation as of June 30, 2008 was \$84,481, leaving a current book value of \$251,250. A corresponding liability has been recorded in the governmental activities on the statement of net assets. Principal payments made during fiscal year 2008 totaled \$15,560.

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

<u>Fiscal Year Ending</u>	<u>Payments</u>
2009	\$ 22,441
2010	21,899
2011	21,356
2012	20,814
2013	20,272
2014 - 2018	93,222
2019 - 2023	71,813
2024 - 2028	<u>71,001</u>
Total minimum lease payment	342,818
Less: amount representing interest	<u>(108,818)</u>
Present value of minimum lease payments	<u>\$ 234,000</u>

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

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

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental activities:					
<i>General obligation bonds:</i>					
May 1999 bond issue					
5.85% due 12/1/2011	\$ 165,000	\$ -	\$ (40,000)	\$ 125,000	\$ 40,000
November 1999 bond issue					
5.85% due 12/1/2011	395,000	-	(95,000)	300,000	95,000
Refunded general obligations					
bonds 4.0% due 12/1/2024	2,775,000	-	(35,000)	2,740,000	45,000
Capital appreciation bonds					
4.45% due 12/1/2018	39,997	-	-	39,997	-
Accreted interest on bonds	6,719	11,677	-	18,396	-
Total general obligation bonds	<u>3,381,716</u>	<u>11,677</u>	<u>(170,000)</u>	<u>3,223,393</u>	<u>180,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	813,382	284,349	(145,554)	952,177	86,878
Capital leases	249,560	-	(15,560)	234,000	12,000
Total other obligations	<u>1,062,942</u>	<u>284,349</u>	<u>(161,114)</u>	<u>1,186,177</u>	<u>98,878</u>
Total governmental activities long-term liabilities	<u>\$ 4,444,658</u>	<u>\$ 296,026</u>	<u>\$ (331,114)</u>	4,409,570	<u>\$ 278,878</u>
Less: unamortized deferred charge on refunding bonds				(187,624)	
Add: unamortized premium on refunding bonds				<u>246,537</u>	
Total on statement of net assets				<u>\$ 4,468,483</u>	

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

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

B. General Obligation Bonds

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

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

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

The refunding issue was comprised of both current interest term bonds, par value \$1,250,000, serial bonds, par value \$1,525,000 and capital appreciation bonds, par value \$39,997. The capital appreciation bonds mature December 1, 2017 and December 1, 2018 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$525,000. Total accreted interest of \$18,396 has been included on the statement of net assets at June 30, 2008.

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

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

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

Year Ended	Current Interest and Serial Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 180,000	\$ 125,691	\$ 305,691	\$ -	\$ -	\$ -
2010	185,000	116,955	301,955	-	-	-
2011	195,000	107,838	302,838	-	-	-
2012	200,000	99,400	299,400	-	-	-
2013	220,000	91,525	311,525	-	-	-
2014 - 2018	935,000	326,100	1,261,100	22,027	237,973	260,000
2019 - 2023	1,095,000	164,700	1,259,700	17,970	247,030	265,000
2024 - 2025	155,000	6,100	161,100	-	-	-
Total	<u>\$ 3,165,000</u>	<u>\$ 1,038,309</u>	<u>\$ 4,203,309</u>	<u>\$ 39,997</u>	<u>\$ 485,003</u>	<u>\$ 525,000</u>

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

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$8,092,983 (including available funds of \$498,669) and an unvoted debt margin of \$119,992.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation for a year is fifteen days. Payment is made of one-fourth of the total sick leave accumulation, up to a maximum accumulation of 180 days upon retirement for certified employees or 225 days upon termination with 10 years of service for non-certified employees.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through Prudential Insurance Company of America. The premium for the employee term life insurance is paid by the District at a rate of .16 per \$1,000 of coverage plus an additional administrative fee of .50 per participant.

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

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

NOTE 12 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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

	<u>Coverage</u>	<u>Deductible</u>
Buildings and Contents	\$ 38,407,285	\$ 1,000
Automobile Liability	1,000,000	250-500
Uninsured Motorists	1,000,000	250-500
Crime Insurance	5,000	25
General Liability:		
Per Occurrence	1,000,000	-
Aggregate	3,000,000	-

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

B. Workers' Compensation

For fiscal year 2008, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool (Note 2). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. 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 Program. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Sheakley Unicorp Inc. provides administrative, cost control and actuarial services of the G.P.

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

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

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Employee Group Medical/Surgical and Dental Insurance

The District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the self insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2008, a total expense of \$1,771,187 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$50,000. The liability for unpaid claims cost of \$251,460 reported in the fund at June 30, 2008 is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims. Interfund premiums are based primarily upon the insured funds’ claims experience and are reported as quasi-external interfund transactions.

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2008	\$ 69,666	\$ 1,710,782	\$ (1,528,988)	\$ 251,460
2007	106,793	1,046,244	(1,083,371)	69,666

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$138,739, \$144,846 and \$149,125, respectively; 56.31 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

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

NOTE 13 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$619,098, \$567,899, and \$575,718, respectively; 85.61 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$420 made by the District and \$5,092 made by the plan members.

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

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

NOTE 13 - PENSION PLANS - (Continued)

C. Social Security System

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

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

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

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$92,030, \$76,808, and \$80,231, respectively; 56.31 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$9,966, \$9,849, and \$11,869, respectively; 56.31 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

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

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$47,623, \$43,685, and \$44,286, respectively; 85.61 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advance-in and Advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 537,464
Net adjustment for revenue accruals	44,634
Net adjustment for expenditure accruals	78,655
Net adjustment for other financing sources and uses	(51,239)
Adjustment for encumbrances	<u>26,300</u>
GAAP basis	<u>\$ 635,814</u>

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is party to legal proceedings seeking damages generally incidental to its operations. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

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

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

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	BWC <u>Refunds</u>
Set-aside balance as of June 30, 2007	\$ (56,533)	\$ -	\$ 42,320
Current year set-aside requirement	175,570	213,620	-
Qualifying disbursements	<u>(228,958)</u>	<u>(209,876)</u>	<u>-</u>
Total	<u>\$ (109,921)</u>	<u>\$ 3,744</u>	<u>\$ 42,320</u>
Balance carried forward to FY 2009	<u>\$ (109,921)</u>	<u>\$ 3,744</u>	<u>\$ 42,320</u>

A schedule of the restricted assets at June 30, 2008 follows:

Amounts restricted for BWC refund	\$ 42,320
Amounts restricted for capital acquisition	<u>3,744</u>
Total restricted assets	<u>\$ 46,064</u>

The District had qualifying disbursements during the year that reduced the set-aside amount below zero for the textbooks/instructional materials reserve. This amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year.

In addition to the above statutory reserves, the School Board has set-aside monies for budget stabilization. The amount set-aside is reported as a designation of fund balance in the general fund. The balance in the budget stabilization designation at June 30, 2008 was \$54,777.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Board of Education
Ridgewood Local School District
West Lafayette, Ohio 43845

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgewood Local School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2008-01 to be a significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ridgewood 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 grant agreements, 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standard*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated November 13, 2008.

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

This report is intended for the information of the District's Board of Education, management, Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 13, 2008

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Ridgewood Local School District
West Lafayette, Ohio 43845

Compliance

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

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

In our opinion, the Ridgewood Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

This report is intended for the information of the Board of Education, management, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 13, 2008

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505**

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	Nutrition Cluster; CFDA #10.553 Nutrition Cluster, CFDA #10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >\$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
FINDING NUMBER 2008-01**

Significant Deficiency

The School's capital asset accounting records did not accurately and completely support capital assets reported in the annual financial report and General Fund unencumbered fund balance and encumbrances were misstated for the year ended June 30, 2007. Therefore prior period adjustments were made to the capital assets and General Fund unencumbered fund balance and encumbrances for the year ended June 30, 2008. Failure to maintain accurate and complete capital asset accounting records and budgetary information can lead to the School reporting misstated balances. The School should maintain a current and accurate capital asset listing each year and review encumbrances.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505(Continued)**

3. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS(Continued)

FINDING NUMBER 2008-01(Continued)

Client Response: The District procured the services of a valuation company to perform a detailed capital asset inventory as of July 2007. The prior period adjustments were a direct result of this inventory. The District believes the new balances are a more complete and accurate accounting of capital assets. The District has maintained a current capital asset list is subsequent to the prior period adjustment.

4. Findings and Questioned Costs for Federal Awards

NONE

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	\$ 85,430	\$ -	\$ 85,430	\$ -
National School Lunch Program	n/a	10.555	263,224	-	263,224	-
Total Nutrition Cluster			348,654	-	348,654	-
Food Distribution Program	n/a	10.550	-	60,072	-	60,072
Total U.S. Department of Agriculture			348,654	60,072	348,654	60,072
<u>U.S. DEPARTMENT OF EDUCATION:</u>						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	046474C1S107 046474C1S106	84.010	35,265 167,507 202,772	- - -	40,586 165,838 206,424	- - -
Special Education Cluster:						
Title VI-B Special Education Assistance for handicapped Children	046474BSF07 046474BSF08	84.027	43,409 361,420	- -	83,318 355,314	- -
Preschool Grants for Children	046474PG3107 046474PG3106	84.173	763 13,498 419,090	- - -	47 13,495 452,174	- - -
Drug Free School Program	046474DRS107 046474DRS108	84.186	1,180 6,566 7,746	- - -	2,802 9,517 12,319	- - -
Innovative Education Program Strategies	046474C2S107 046474C2S108	84.298	1,612 410 2,022	- - -	209 - 209	- - -
Technology Literacy Challenge	046474TJS107 046474TJS108	84.318	465 2,821 3,286	- - -	1,129 1,449 2,578	- - -
Improving Teacher Quality State Grant	046474TRS107 046474TRS108	84.367	14,230 95,184 109,414	- - -	13,246 90,552 103,798	- - -
Total U.S. Department of Education			744,330	-	777,502	-
Total Federal Awards Expenditures			<u>1,092,984</u>	<u>60,072</u>	<u>1,126,156</u>	<u>60,072</u>

See notes to Schedule of Federal Awards Expenditures.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTES B – CHILD NUTRITION CLUSTER

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

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

RIDGEWOOD LOCAL SCHOOL DISTRICT

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION 315(b)**

June 30, 2008

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-01	Prior Period Adjustment	No	Not Corrected. Cited in current report as finding 2008-01



Mary Taylor, CPA
Auditor of State

RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON 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
DECEMBER 31, 2008