

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010***

**LORI STATLER, TREASURER**





# Dave Yost • Auditor of State

January 18, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST  
Auditor of State

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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 Auditor's Report* of the Ridgewood Local School District, Coshocton County, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. 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

January 5, 2011

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

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditor's Report

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ridgewood Local School District, Coshocton County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise Ridgewood Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ridgewood Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ridgewood Local School District, Coshocton County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of Ridgewood Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



Independent Auditor's Report  
Ridgewood Local School District  
Page Two

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

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

Julian & Grube, Inc.  
November 22, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. 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 2010 are as follows:

- In total, net assets of governmental activities decreased \$672,452, which represents a 3.97% decrease from net assets at June 30, 2009.
- General revenues accounted for \$10,184,835 in revenue or 77.19% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,010,273 or 22.81% of total revenues of \$13,195,108.
- The District had \$13,867,560 in expenses related to governmental activities; \$3,010,273 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,184,835 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$10,220,053 in revenues and other financing sources and \$10,487,637 in expenditures and other financing uses. During fiscal year 2010 the general fund's fund balance decreased \$267,584 from \$2,898,707 to \$2,631,123.
- The bond retirement fund had \$367,227 in revenues and \$310,746 in expenditures. During fiscal year 2010 the bond retirement fund's fund balance increased \$56,481 from \$575,451 to \$631,932.

**Using these Basic Financial Statements**

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

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

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that 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  
COSHOCTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

***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 24-53 of this report.

**The District as a Whole**

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

The table below provides a summary of the District's net assets for 2010 and 2009.

	<b>Net Assets</b>	
	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 8,407,003	\$ 8,468,617
Capital assets, net	<u>16,219,038</u>	<u>16,880,804</u>
Total assets	<u>24,626,041</u>	<u>25,349,421</u>
<b><u>Liabilities</u></b>		
Current liabilities	4,086,397	4,030,509
Long-term liabilities	<u>4,269,940</u>	<u>4,376,756</u>
Total liabilities	<u>8,356,337</u>	<u>8,407,265</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	13,090,581	13,545,038
Restricted	1,862,068	1,655,627
Unrestricted	<u>1,317,055</u>	<u>1,741,491</u>
Total net assets	<u>\$ 16,269,704</u>	<u>\$ 16,942,156</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$16,269,704. Of this total, \$1,862,068 is restricted in use.

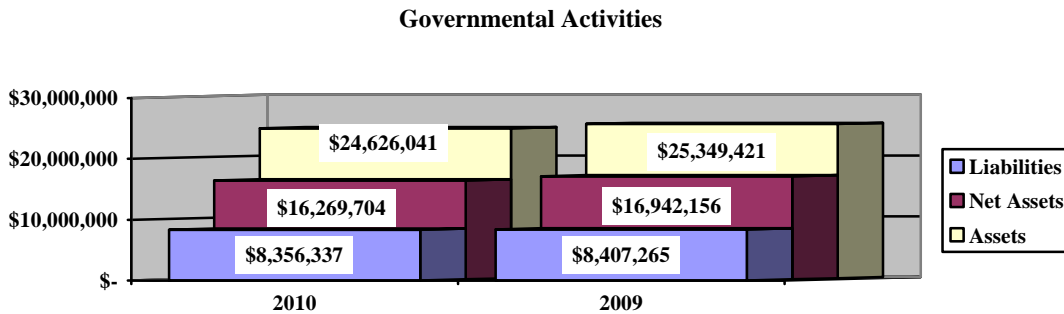
**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCOTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

At year-end, capital assets represented 65.86% 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, 2010, were \$13,090,581. 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, \$1,862,068, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,317,055 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 2010 and 2009.



The table below shows the change in net assets for fiscal year 2010 and 2009.

**Change in Net Assets**

	Governmental Activities 2010	Governmental Activities 2009
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 910,164	\$ 882,236
Operating grants and contributions	2,100,109	1,558,107
Capital grants and contributions	-	17,832
General revenues:		
Property taxes	2,728,858	2,588,925
Grants and entitlements	7,423,675	7,428,186
Investment earnings	17,257	84,544
Other	15,045	9,514
<b>Total revenues</b>	<b>13,195,108</b>	<b>12,569,344</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Change in Net Assets (Continued)**

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 6,552,634	\$ 6,085,203
Special	1,199,440	1,088,125
Vocational	260,735	223,826
Other	68,556	78,601
Support services:		
Pupil	548,179	532,165
Instructional staff	633,272	676,741
Board of education	44,496	38,078
Administration	850,532	864,769
Fiscal	329,110	352,358
Business	10,675	5,446
Operations and maintenance	1,322,724	1,408,647
Pupil transportation	867,537	820,160
Central	2,689	4,596
Operations of non-instructional services:		
Food service operations	561,928	542,406
Other non-instructional services	215	1,038
Extracurricular activities	468,872	431,951
Interest and fiscal charges	<u>145,966</u>	<u>151,321</u>
Total expenses	<u>13,867,560</u>	<u>13,305,431</u>
Change in net assets	(672,452)	(736,087)
Net assets at beginning of year	<u>16,942,156</u>	<u>17,678,243</u>
Net assets at end of year	<u>\$ 16,269,704</u>	<u>\$ 16,942,156</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$672,452. Total governmental expenses of \$13,867,560 were offset by program revenues of \$3,010,273 and general revenues of \$10,184,835. Program revenues supported 21.71% 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 76.94% of total governmental revenue.

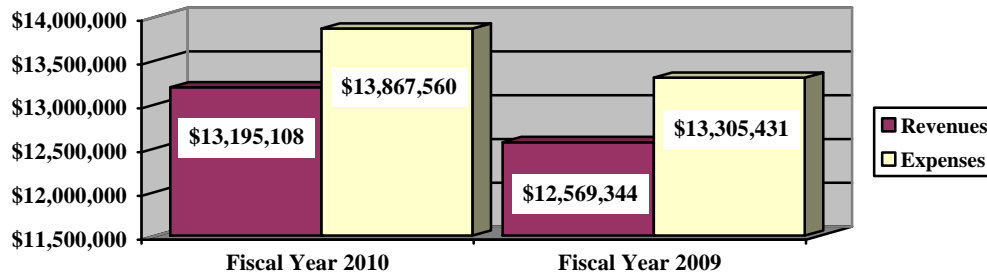
The largest expense of the District is for instructional programs. Instruction expenses totaled \$8,081,365 or 58.28% of total governmental expenses for fiscal year 2010.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2010 and 2009.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 6,552,634	\$ 5,971,899	\$ 6,085,203	\$ 5,474,370
Special	1,199,440	421,711	1,088,125	423,186
Vocational	260,735	174,308	223,826	112,787
Other	68,556	68,556	78,601	78,601
Support services:				
Pupil	548,179	519,805	532,165	514,046
Instructional staff	633,272	476,561	676,741	493,588
Board of education	44,496	44,496	38,078	38,078
Administration	850,532	372,739	864,769	849,425
Fiscal	329,110	329,110	352,358	352,358
Business	10,675	10,675	5,446	5,446
Operations and maintenance	1,322,724	1,304,939	1,408,647	1,408,447
Pupil transportation	867,537	853,233	820,160	781,420
Central	2,689	2,689	4,596	4,596
Operation of non-instructional services:				
Food service operations	561,928	(95,077)	542,406	(108,986)
Other non-instructional services	215	(69)	1,038	(114)
Extracurricular activities	468,872	255,746	431,951	268,687
Interest and fiscal charges	145,966	145,966	151,321	151,321
<b>Total expenses</b>	<u>\$ 13,867,560</u>	<u>\$ 10,857,287</u>	<u>\$ 13,305,431</u>	<u>\$ 10,847,256</u>

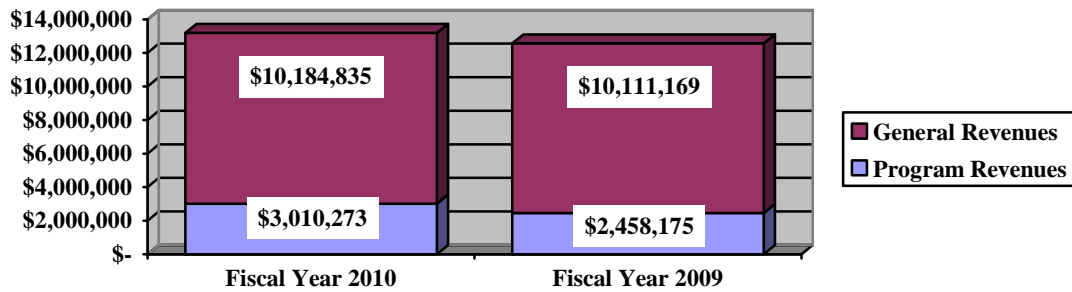
**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCOTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The dependence upon tax and other general revenues for governmental activities is apparent, 82.12% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.29%. 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 2010 and 2009.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$4,250,685, which is less than last year's total of \$4,449,033. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	Increase (Decrease)	Percentage <u>Change</u>
General	\$ 2,631,123	\$ 2,898,707	\$ (267,584)	(9.23) %
Bond retirement	631,932	575,451	56,481	9.82 %
Other governmental	<u>987,630</u>	<u>974,875</u>	<u>12,755</u>	1.31 %
Total	<u>\$ 4,250,685</u>	<u>\$ 4,449,033</u>	<u>\$ (198,348)</u>	(4.46) %

**General Fund**

The District's general fund balance decreased \$267,584. Expenditures and other financing uses of \$10,487,637 exceeded revenues and other financing sources of \$10,220,053.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,325,408	\$ 2,249,321	\$ 76,087	3.38 %
Tuition	284,534	233,242	51,292	21.99 %
Earnings on investments	16,517	83,752	(67,235)	(80.28) %
Intergovernmental	7,449,639	7,843,193	(393,554)	(5.02) %
Other revenues	<u>131,336</u>	<u>89,471</u>	<u>41,865</u>	46.79 %
Total	<u>\$ 10,207,434</u>	<u>\$ 10,498,979</u>	<u>\$ (291,545)</u>	(2.78) %
<b><u>Expenditures</u></b>				
Instruction	\$ 6,486,060	\$ 6,074,621	\$ 411,439	6.77 %
Support services	3,724,259	4,153,909	(429,650)	(10.34) %
Extracurricular activities	238,835	236,699	2,136	0.90 %
Debt service	<u>30,329</u>	<u>26,656</u>	<u>3,673</u>	13.78 %
Total	<u>\$ 10,479,483</u>	<u>\$ 10,491,885</u>	<u>\$ (12,402)</u>	(0.12) %

The increase in taxes revenue is primarily attributable to an approximate \$60,000 variance in the amount of tax advance that was available to the District from the county auditor at June 30, 2010 versus June 30, 2009. This resulted in more tax revenue being reported in fiscal year 2010. The amount of tax advances available from the county auditor can vary depending upon when tax bills are mailed. The increase in tuition revenue of 21.99% is due to an increase in open enrollment revenue received during the fiscal year. Earnings on investments decreased significantly due to lower interest rates. Intergovernmental revenue, which consists primarily of State Foundation revenue, decreased 5.02% from the prior year. The increase in other revenues is primarily due to an increase in contributions and donations received in fiscal year 2010.

The increase in instruction expenditures is primarily due to increased wage and benefit costs during the fiscal year. The District's cost-cutting efforts, particularly for administration services, resulted in decreased support services expenditures.

***Bond Retirement Fund***

The bond retirement fund had \$367,227 in revenues and \$310,746 in expenditures. During fiscal year 2010 the bond retirement fund's fund balance increased \$56,481 from \$575,451 to \$631,932.

***General Fund Budgeting Highlights***

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

For the general fund, original budgeted revenues and other financing sources were \$9,953,250 and final budgeted revenues and other financing sources were \$10,113,250. Actual revenues and other financing sources for fiscal year 2010 were \$10,167,089, which represents an increase of \$53,839 over the final budgeted amount.

General fund original appropriations were \$11,193,287. The final appropriations were the same. The actual budget basis expenditures for fiscal year 2010 totaled \$10,680,127, which was \$513,160 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, 2010

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2010, the District had \$16,219,038 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and library and textbooks. This entire amount is reported in governmental activities. The following table shows fiscal 2010 balances compared to 2009:

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

	Governmental Activities	
	2010	2009
Land	\$ 194,966	\$ 194,966
Land improvements	1,043,856	1,111,065
Building and improvements	14,226,097	14,665,596
Furniture and equipment	492,283	572,887
Vehicles	261,836	322,650
Library and textbooks	-	13,640
Total	\$ 16,219,038	\$ 16,880,804

The overall decrease in capital assets of \$661,766 is due to depreciation expense of \$760,283 exceeding capital outlay of \$98,517 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, 2010, the District had \$2,891,266 in general obligation bonds outstanding. Of this total, \$195,000 is due within one year and \$2,696,266 is due in greater than one year. The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2010	2009
General obligation bonds	\$ 2,891,266	\$ 3,058,002
Total	\$ 2,891,266	\$ 3,058,002

At June 30, 2010, the District's overall legal debt margin was \$9,558,030, and the unvoted debt margin was \$130,734.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Current Financial Related Activities**

Ridgewood Local School District has continued to maintain the highest standards of service to its students, parents, and community. Financially, the District continues to operate in a fiscally responsible manner. The District ended the 2010 fiscal year by spending more on a cash basis than was received. The financial future of the District is not without its challenges. The Board of Education and administration must continue to closely monitor its revenues and expenditures in accordance with its five-year forecast.

**Contacting the District's Financial Management**

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

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 5,191,028
Receivables:	
Taxes . . . . .	2,786,784
Accounts. . . . .	49,209
Intergovernmental . . . . .	293,301
Accrued interest . . . . .	1,823
Prepayments . . . . .	20,493
Materials and supplies inventory. . . . .	12,629
Unamortized bond issue costs . . . . .	51,736
Capital assets:	
Land . . . . .	194,966
Depreciable capital assets, net. . . . .	16,024,072
Capital assets, net . . . . .	16,219,038
 Total assets. . . . .	 24,626,041
 <b>Liabilities:</b>	
Accounts payable. . . . .	40,157
Accrued wages and benefits . . . . .	955,349
Pension obligation payable. . . . .	277,725
Intergovernmental payable . . . . .	32,762
Accrued interest payable . . . . .	8,916
Claims payable. . . . .	317,817
Unearned revenue . . . . .	2,453,671
Long-term liabilities:	
Due within one year. . . . .	350,994
Due in more than one year . . . . .	3,918,946
 Total liabilities . . . . .	 8,356,337
 <b>Net assets:</b>	
Invested in capital assets, net of related debt. . . . .	13,090,581
Restricted for:	
Capital projects . . . . .	10,017
Debt service. . . . .	642,369
Classroom facilities maintenance . . . . .	265,864
Locally funded programs . . . . .	19,866
State funded programs. . . . .	1
Federally funded programs . . . . .	72,102
Student activities . . . . .	58,333
Other purposes . . . . .	793,516
Unrestricted. . . . .	1,317,055
 Total net assets . . . . .	 \$ 16,269,704

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, 2010

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 6,552,634	\$ 422,228	\$ 158,507	\$ (5,971,899)
Special . . . . .	1,199,440	18,929	758,800	(421,711)
Vocational . . . . .	260,735	180	86,247	(174,308)
Other . . . . .	68,556	-	-	(68,556)
Support services:				
Pupil . . . . .	548,179	-	28,374	(519,805)
Instructional staff . . . . .	633,272	561	156,150	(476,561)
Board of education . . . . .	44,496	-	-	(44,496)
Administration . . . . .	850,532	616	477,177	(372,739)
Fiscal . . . . .	329,110	-	-	(329,110)
Business . . . . .	10,675	-	-	(10,675)
Operations and maintenance . . . . .	1,322,724	-	17,785	(1,304,939)
Pupil transportation . . . . .	867,537	6,116	8,188	(853,233)
Central . . . . .	2,689	-	-	(2,689)
Operation of non-instructional services:				
Other non-instructional services . . . . .	215	-	284	69
Food service operations . . . . .	561,928	248,911	408,094	95,077
Extracurricular activities . . . . .	468,872	212,623	503	(255,746)
Interest and fiscal charges . . . . .	145,966	-	-	(145,966)
<b>Total governmental activities . . . . .</b>	<b>\$ 13,867,560</b>	<b>\$ 910,164</b>	<b>\$ 2,100,109</b>	<b>(10,857,287)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	2,361,733
Bond retirement . . . . .	319,208
Classroom facilities maintenance . . . . .	47,917
Grants and entitlements not restricted to specific programs . . . . .	7,423,675
Investment earnings . . . . .	17,257
Miscellaneous . . . . .	15,045
<b>Total general revenues . . . . .</b>	<b>10,184,835</b>
Change in net assets . . . . .	(672,452)
<b>Net assets at beginning of year . . . . .</b>	<b>16,942,156</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 16,269,704</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 3,408,716	\$ 617,374	\$ 1,003,114	\$ 5,029,204
Receivables:				
Taxes. . . . .	2,431,309	283,162	72,313	2,786,784
Accounts. . . . .	3,373	-	10,435	13,808
Intergovernmental . . . . .	9,954	-	283,347	293,301
Accrued interest . . . . .	1,823	-	-	1,823
Interfund . . . . .	78,682	-	-	78,682
Prepayments. . . . .	19,154	-	1,339	20,493
Materials and supplies inventory. . . . .	-	-	12,629	12,629
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	161,752	-	-	161,752
Total assets . . . . .	<u>\$ 6,114,763</u>	<u>\$ 900,536</u>	<u>\$ 1,383,177</u>	<u>\$ 8,398,476</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 21,833	\$ -	\$ 18,324	\$ 40,157
Accrued wages and benefits. . . . .	808,926	-	146,423	955,349
Compensated absences payable . . . . .	93,002	-	-	93,002
Pension obligation payable . . . . .	224,706	-	53,019	277,725
Intergovernmental payable . . . . .	27,038	-	5,724	32,762
Deferred revenue . . . . .	167,841	19,353	107,931	295,125
Unearned revenue. . . . .	2,140,294	249,251	64,126	2,453,671
Total liabilities. . . . .	<u>3,483,640</u>	<u>268,604</u>	<u>395,547</u>	<u>4,147,791</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	141,932	-	104,063	245,995
Reserved for materials and supplies inventory . . . . .	-	-	12,629	12,629
Reserved for prepayments. . . . .	19,154	-	1,339	20,493
Reserved for tax revenue unavailable for appropriation . . . . .	124,706	14,558	3,674	142,938
Reserved for BWC refunds . . . . .	42,320	-	-	42,320
Reserved for capital acquisition . . . . .	119,432	-	-	119,432
Reserved for debt service . . . . .	-	617,374	-	617,374
Unreserved:				
Designation for budget stabilization. . . . .	54,777	-	-	54,777
Undesignated, reported in:				
General fund . . . . .	2,128,802	-	-	2,128,802
Special revenue funds . . . . .	-	-	855,908	855,908
Capital projects funds . . . . .	-	-	10,017	10,017
Total fund balances . . . . .	<u>2,631,123</u>	<u>631,932</u>	<u>987,630</u>	<u>4,250,685</u>
Total liabilities and fund balances . . . . .	<u>\$ 6,114,763</u>	<u>\$ 900,536</u>	<u>\$ 1,383,177</u>	<u>\$ 8,398,476</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

<b>Total governmental fund balances</b>		\$	4,250,685
<i>Amounts reported for governmental activities in 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.			16,219,038
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	190,175	
Intergovernmental revenue		103,418	
Accrued interest		1,532	
Total			295,125
Unamortized bond issue costs are not recognized in the funds.			51,736
Unamortized premiums on bond issuance are not recognized in the funds.			(216,502)
Unamortized deferred charges on refundings are not recognized in the funds.			164,766
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			(361,026)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(8,916)
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		997,212	
Capital lease obligations		236,724	
General obligation bonds		2,891,266	
Total			(4,125,202)
<b>Net assets of governmental activities</b>		\$	16,269,704

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, 2010

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,325,408	\$ 315,687	\$ 46,298	\$ 2,687,393
Tuition . . . . .	284,534	-	-	284,534
Charges for services . . . . .	-	-	248,911	248,911
Earnings on investments . . . . .	16,517	-	3,281	19,798
Extracurricular . . . . .	-	-	213,179	213,179
Classroom materials and fees . . . . .	6,807	-	33,924	40,731
Other local revenues . . . . .	124,529	-	66,503	191,032
Intergovernmental - state . . . . .	7,423,649	51,540	137,036	7,612,225
Intergovernmental - federal . . . . .	25,990	-	1,715,958	1,741,948
Total revenue . . . . .	<u>10,207,434</u>	<u>367,227</u>	<u>2,465,090</u>	<u>13,039,751</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,606,370	-	282,308	5,888,678
Special . . . . .	558,258	-	637,533	1,195,791
Vocational . . . . .	252,609	-	1,447	254,056
Other . . . . .	68,823	-	-	68,823
Support services:				
Pupil . . . . .	516,242	-	25,468	541,710
Instructional staff . . . . .	480,364	-	142,396	622,760
Board of education . . . . .	44,496	-	-	44,496
Administration . . . . .	318,292	-	500,814	819,106
Fiscal . . . . .	313,403	8,790	1,286	323,479
Business . . . . .	10,675	-	-	10,675
Operations and maintenance . . . . .	1,255,947	-	137,327	1,393,274
Pupil transportation . . . . .	782,151	-	109	782,260
Central . . . . .	2,689	-	-	2,689
Operation of non-instructional services:				
Other non-instructional services . . . . .	-	-	215	215
Food service operations . . . . .	-	-	530,612	530,612
Extracurricular activities . . . . .	238,835	-	197,759	436,594
Facilities acquisition and construction . . . . .	-	-	3,215	3,215
Debt service:				
Principal retirement . . . . .	18,720	185,000	-	203,720
Interest and fiscal charges . . . . .	11,609	116,956	-	128,565
Total expenditures . . . . .	<u>10,479,483</u>	<u>310,746</u>	<u>2,460,489</u>	<u>13,250,718</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(272,049)</u>	<u>56,481</u>	<u>4,601</u>	<u>(210,967)</u>
<b>Other financing sources (uses):</b>				
Sale of assets . . . . .	12,619	-	-	12,619
Transfers in . . . . .	-	-	8,154	8,154
Transfers (out) . . . . .	(8,154)	-	-	(8,154)
Total other financing sources (uses) . . . . .	<u>4,465</u>	<u>-</u>	<u>8,154</u>	<u>12,619</u>
Net change in fund balances . . . . .	(267,584)	56,481	12,755	(198,348)
<b>Fund balances at beginning of year . . . . .</b>	<u>2,898,707</u>	<u>575,451</u>	<u>974,875</u>	<u>4,449,033</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,631,123</u>	<u>\$ 631,932</u>	<u>\$ 987,630</u>	<u>\$ 4,250,685</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCKTON 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, 2010

**Net change in fund balances - total governmental funds** \$ (198,348)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays expense in the current period.

Additions	\$	98,517	
Depreciation expense		(760,283)	
Total			(661,766)

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

Taxes		41,465	
Intergovernmental		100,533	
Accrued interest		740	
Total			142,738

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.

203,720

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. More interest is reported in the statement of activities due to the following:

Decrease in accrued interest payable		862	
Accreted interest on "capital appreciation bonds"		(18,264)	
Amortization of bond issuance costs		(3,588)	
Amortization of bond premiums		15,018	
Amortization of deferred charges on refundings		(11,429)	
Total			(17,401)

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.

10,773

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.

(152,168)

**Change in net assets of governmental activities** \$ (672,452)

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,210,000	\$ 2,210,000	\$ 2,266,096	\$ 56,096
Tuition. . . . .	206,000	206,000	284,734	78,734
Earnings on investments . . . . .	66,000	66,000	30,161	(35,839)
Classroom materials and fees . . . . .	5,000	5,000	6,807	1,807
Other local revenues . . . . .	38,750	38,750	123,654	84,904
Intergovernmental - state . . . . .	7,425,000	7,585,000	7,425,813	(159,187)
Intergovernmental - federal . . . . .	-	-	16,036	16,036
Total revenue . . . . .	<u>9,950,750</u>	<u>10,110,750</u>	<u>10,153,301</u>	<u>42,551</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,462,607	5,462,607	5,507,916	(45,309)
Special. . . . .	486,918	486,918	615,984	(129,066)
Vocational. . . . .	279,966	279,966	249,968	29,998
Other. . . . .	65,144	65,144	72,401	(7,257)
Support services:				
Pupil. . . . .	525,561	525,561	515,314	10,247
Instructional staff . . . . .	397,432	397,432	481,700	(84,268)
Board of education . . . . .	45,701	45,701	44,303	1,398
Administration. . . . .	1,167,423	1,167,423	349,765	817,658
Fiscal . . . . .	345,906	345,906	324,037	21,869
Business . . . . .	10,000	10,000	19,808	(9,808)
Operations and maintenance. . . . .	1,328,294	1,328,294	1,322,322	5,972
Pupil transportation . . . . .	828,877	828,877	841,210	(12,333)
Central. . . . .	4,300	4,300	2,684	1,616
Extracurricular activities. . . . .	245,158	245,158	245,879	(721)
Total expenditures . . . . .	<u>11,193,287</u>	<u>11,193,287</u>	<u>10,593,291</u>	<u>599,996</u>
Excess of expenditures over revenues . . . . .	<u>(1,242,537)</u>	<u>(1,082,537)</u>	<u>(439,990)</u>	<u>642,547</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	2,000	2,000	1,169	(831)
Sale of assets . . . . .	500	500	12,619	12,119
Transfers (out). . . . .	-	-	(8,154)	(8,154)
Advances (out) . . . . .	-	-	(78,682)	(78,682)
Total other financing sources (uses) . . . . .	<u>2,500</u>	<u>2,500</u>	<u>(73,048)</u>	<u>(75,548)</u>
Net change in fund balance . . . . .	(1,240,037)	(1,080,037)	(513,038)	566,999
<b>Fund balance at beginning of year . . . . .</b>	3,885,769	3,885,769	3,885,769	-
<b>Prior year encumbrances appropriated . .</b>	48,965	48,965	48,965	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,694,697</u>	<u>\$ 2,854,697</u>	<u>\$ 3,421,696</u>	<u>\$ 566,999</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2010

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 72
Receivables:	
Accounts . . . . .	<u>35,401</u>
Total assets . . . . .	<u>35,473</u>
<b>Liabilities:</b>	
Claims payable . . . . .	317,817
Interfund payable . . . . .	<u>78,682</u>
Total liabilities . . . . .	<u>396,499</u>
<b>Net assets (deficit):</b>	
Unrestricted (deficit) . . . . .	<u>(361,026)</u>
Total net assets (deficit). . . . .	<u><u>\$ (361,026)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Sales/charges for services. . . . .	\$ 2,020,750
Total operating revenues . . . . .	<u>2,020,750</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	186,856
Claims . . . . .	<u>1,986,062</u>
Total operating expenses. . . . .	<u>2,172,918</u>
Change in net assets. . . . .	(152,168)
<b>Net assets (deficit) at beginning of year . .</b>	<u>(208,858)</u>
<b>Net assets (deficit) at end of year . . . . .</b>	<u><u>\$ (361,026)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services. . . . .	\$ 1,991,439
Cash payments for contractual services . . . . .	(192,946)
Cash payments for claims . . . . .	<u>(1,991,463)</u>
Net cash used in operating activities . . . . .	<u>(192,970)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from interfund loans . . . . .	<u>78,682</u>
Net cash provided by noncapital financing activities. . . . .	<u>78,682</u>
Net decrease in cash and cash equivalents. . . . .	(114,288)
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>114,360</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 72</u></u>
<b>Reconciliation of operating loss to net cash (used in) operating activities:</b>	
Operating loss . . . . .	\$ (152,168)
Changes in assets and liabilities:	
(Increase) in accounts receivable. . . . .	(35,401)
(Decrease) in claims payable . . . . .	<u>(5,401)</u>
Net cash used in operating activities . . . . .	<u><u>\$ (192,970)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2010

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 35,425
Total assets. . . . .	\$ 35,425
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 3,466
Due to students. . . . .	31,959
Total liabilities . . . . .	\$ 35,425

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**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 391<sup>st</sup> largest by total enrollment among the 905 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 72 non-certified employees and 94 certified personnel who provide services to 1,368 students and other community members.

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

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

**A. Reporting Entity**

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

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 48 member districts in 11 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 Ridgewood County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

Coshocton County Career Center

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

*PUBLIC ENTITY RISK POOL*

Ohio Association of School Business Officials Worker's Compensation Group

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

General fund - The general fund is used to account for 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.

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

Other governmental funds of the District are used to account (a) food service operations; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities; and (c) 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  
COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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, 2010

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

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

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, 2010

**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, 2010, but which were levied to finance fiscal year 2011 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, 2010 are recorded as deferred revenue in the governmental funds.

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

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

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

**E. Budgetary Process**

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

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 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 2010. Although the legal level of budgetary control was established at the fund level of expenditures for the general fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of expenditures.

**F. Cash and Investments**

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

During fiscal year 2010, investments were limited to federal agency securities, a U.S. Government money market mutual fund and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$16,517, which includes \$2,907 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

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

**I. Interfund Balances**

On the fund financial statements, short-term interfund loans from the general fund to the internal service proprietary fund are classified as "interfund receivables/payables". 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, 2010 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, 2010

**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 a 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, tax revenue unavailable for appropriation, capital acquisition and BWC refunds. The reserve for 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, 2010**

**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, food service, uniform school supplies and public school support.

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 capital acquisition and BWC refunds. 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, 2010

**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. The District did not have any extraordinary or special items during fiscal year 2010.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Alternative schools	\$ 151
Fiscal stabilization	26,821
IDEA preschool - handicapped	1,980
<u>Proprietary fund</u>	
Employee benefits self-insurance	361,026

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.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

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

**B. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$3,988,169. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$1,267,790 of the District's bank balance of \$4,005,167 was exposed to custodial risk as discussed below, while \$2,737,377 was covered by the FDIC.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**C. Investments**

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
FHLB	\$ 800,562	\$ 200,562	\$ 310,000	\$ 290,000	\$ -
FNMA	125,175	-	-	-	125,175
FHLB discount notes	99,990	99,990	-	-	-
FNMA discount notes	204,385	-	204,385	-	-
U.S. Government money market	5,672	5,672	-	-	-
<b>Total</b>	<b>\$ 1,235,784</b>	<b>\$ 306,224</b>	<b>\$ 514,385</b>	<b>\$ 290,000</b>	<b>\$ 125,175</b>

*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 federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 800,562	64.78
FNMA	125,175	10.13
FHLB discount notes	99,990	8.09
FNMA discount notes	204,385	16.54
U.S. Government money market	5,672	0.46
Total	\$ 1,235,784	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,988,169
Investments	1,235,784
Cash on hand	2,500
Total	\$ 5,226,453
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,191,028
Agency fund	35,425
Total	\$ 5,226,453

**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	\$ 8,154

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. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund balances at June 30, 2010 consisted of the following interfund receivable and payable, as reported in the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Internal service fund	\$ 78,682

The primary purpose of the interfund balances is to cover expenses in the internal service fund where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received. The interfund balance has been 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 property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$124,706 in the general fund, \$14,558 in the bond retirement fund and \$3,674 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$65,394 in the general fund, \$6,146 in the bond retirement fund and \$1,371 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 116,925,170	94.58	\$ 125,327,410	96.20
Public utility personal	5,346,450	4.32	4,952,410	3.80
Tangible personal property	<u>1,354,860</u>	<u>1.10</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 123,626,480</u>	<u>100.00</u>	<u>\$ 130,279,820</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$43.00		\$34.25	



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 2,786,784
Accounts	49,209
Intergovernmental	293,301
Accrued interest	<u>1,823</u>
Total	<u>\$ 3,131,117</u>

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2010</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 194,966	\$ -	\$ -	\$ 194,966
Total capital assets, not being depreciated	<u>194,966</u>	<u>-</u>	<u>-</u>	<u>194,966</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,980,792	46,680	-	2,027,472
Building and improvements	20,209,472	24,950	-	20,234,422
Furniture and equipment	1,687,671	26,887	-	1,714,558
Vehicles	1,200,360	-	-	1,200,360
Library and textbooks	<u>853,829</u>	<u>-</u>	<u>-</u>	<u>853,829</u>
Total capital assets, being depreciated	<u>25,932,124</u>	<u>98,517</u>	<u>-</u>	<u>26,030,641</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(869,727)	(113,889)	-	(983,616)
Building and improvements	(5,543,876)	(464,449)	-	(6,008,325)
Furniture and equipment	(1,114,784)	(107,491)	-	(1,222,275)
Vehicles	(877,710)	(60,814)	-	(938,524)
Library and textbooks	<u>(840,189)</u>	<u>(13,640)</u>	<u>-</u>	<u>(853,829)</u>
Total accumulated depreciation	<u>(9,246,286)</u>	<u>(760,283)</u>	<u>-</u>	<u>(10,006,569)</u>
Governmental activities capital assets, net	<u>\$ 16,880,804</u>	<u>\$ (661,766)</u>	<u>\$ -</u>	<u>\$ 16,219,038</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 635,170
<u>Support services:</u>	
Administration	6,621
Operations and maintenance	6,017
Pupil transportation	60,814
Food service operations	30,101
Extracurricular	<u>21,560</u>
Total depreciation expense	<u>\$ 760,283</u>

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

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

The general capital assets acquired by these capital leases have been capitalized in the governmental activities on the statement of net assets in the amount of \$334,665, which is equal to the present value of the future minimum lease payments as of the date of their inception. Accumulated depreciation as of June 30, 2010 was \$69,250, leaving a current book value of \$265,415. A corresponding liability has been recorded in the governmental activities on the statement of net assets. Principal payments made during fiscal year 2010 totaled \$18,720.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

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, 2010.

<u>Fiscal Year Ending</u>	<u>Payments</u>
2011	\$ 29,786
2012	29,244
2013	28,702
2014	23,944
2015	19,187
2016 - 2020	83,001
2021 - 2025	71,068
2026 - 2028	<u>43,051</u>
Total minimum lease payment	327,983
Less: amount representing interest	<u>(91,259)</u>
Present value of minimum lease payments	<u>\$ 236,724</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2010</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental activities:</b>					
<i>General obligation bonds:</i>					
May 1999 bond issue					
5.85% due 12/1/2011	\$ 85,000	\$ -	\$ (40,000)	\$ 45,000	\$ 45,000
November 1999 bond issue					
5.85% due 12/1/2011	205,000	-	(100,000)	105,000	105,000
Refunded general obligations					
bonds 3.75%-4.45% due 12/1/2024	2,695,000	-	(45,000)	2,650,000	45,000
Capital appreciation bonds					
4.45% due 12/1/2018	39,997	-	-	39,997	-
Accreted interest on bonds	33,005	18,264	-	51,269	-
Total general obligation bonds	<u>3,058,002</u>	<u>18,264</u>	<u>(185,000)</u>	<u>2,891,266</u>	<u>195,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	1,007,985	122,515	(40,286)	1,090,214	136,887
Capital leases	255,444	-	(18,720)	236,724	19,107
Total other obligations	<u>1,263,429</u>	<u>122,515</u>	<u>(59,006)</u>	<u>1,326,938</u>	<u>155,994</u>
Total governmental activities					
long-term liabilities	<u>\$ 4,321,431</u>	<u>\$ 140,779</u>	<u>\$ (244,006)</u>	4,218,204	<u>\$ 350,994</u>
Less: unamortized deferred charge on refunding bonds				(164,766)	
Add: unamortized premium on refunding bonds				<u>216,502</u>	
Total on statement of net assets				<u>\$ 4,269,940</u>	

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

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

**B. General Obligation Bonds**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 \$51,269 has been included on the statement of net assets at June 30, 2010.

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

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

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

Fiscal Year Ended	Current Interest and Serial Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 195,000	\$ 107,838	\$ 302,838	\$ -	\$ -	\$ -
2012	200,000	99,400	299,400	-	-	-
2013	220,000	91,525	311,525	-	-	-
2014	220,000	83,000	303,000	-	-	-
2015	235,000	73,900	308,900	-	-	-
2016 - 2020	735,000	264,100	999,100	39,997	485,003	525,000
2021 - 2025	995,000	75,900	1,070,900	-	-	-
<b>Total</b>	<b>\$ 2,800,000</b>	<b>\$ 795,663</b>	<b>\$ 3,595,663</b>	<b>\$ 39,997</b>	<b>\$ 485,003</b>	<b>\$ 525,000</b>

**RIDGEWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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, 2010, are a voted debt margin of \$9,558,030 (including available funds of \$631,932) and an unvoted debt margin of \$130,734.

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation for a year is fifteen days. Payment is made of one-fourth of the total sick leave accumulation, up to a maximum accumulation of 238 days upon retirement for certified employees or 230 days upon termination with 10 years of service for non-certified employees.

**B. Life Insurance**

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

**RIDGEWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 2010, the District contracted with Ohio Casualty 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**

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

**C. Employee Group Medical/Surgical and Dental Insurance**

The District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the self insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2010, a total expense of \$2,172,918 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$60,000. The liability for unpaid claims cost of \$317,817 reported in the fund at June 30, 2010 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling claims. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 12 - RISK MANAGEMENT - (Continued)**

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2010	\$ 323,218	\$ 1,986,062	\$ (1,991,463)	\$ 317,817
2009	251,460	1,497,000	(1,425,242)	323,218

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

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

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 2010, 12.74 percent and .04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$196,182, \$133,627 and \$138,739, respectively; 47.30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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](http://www.strsoh.org).



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 13 - PENSION PLANS - (Continued)**

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

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

Funding Policy - For fiscal year 2010, 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, 2010, 2009 and 2008 were \$651,152, \$640,806 and \$619,098, respectively; 82.79 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$9,106 made by the District and \$6,504 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$36,708, \$91,238 and \$92,030, respectively; 47.30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$11,667, \$11,025 and \$9,966, respectively; 47.30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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](http://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 2010, 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, 2010, 2009, and 2008 were \$50,089, \$49,293 and \$47,623, respectively; 82.79 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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 revenues, 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); and,
- (e) Investments are reported at cost (budget basis) as opposed to fair value (GAAP basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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	\$ (513,038)
Net adjustment for revenue accruals	54,133
Net adjustment for expenditure accruals	(33,198)
Net adjustment for other financing sources and uses	77,513
Adjustment for encumbrances	<u>147,006</u>
GAAP basis	<u>\$ (267,584)</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 involved in no material litigation as either plaintiff or defendant.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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, 2010, 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, 2009	\$ (109,250)	\$ -	\$ 42,320
Current year set-aside requirement	199,820	199,820	-
Qualifying disbursements	<u>(210,530)</u>	<u>(80,388)</u>	<u>-</u>
Total	<u>\$ (119,960)</u>	<u>\$ 119,432</u>	<u>\$ 42,320</u>
Balance carried forward to fiscal year 2011	<u>\$ (119,960)</u>	<u>\$ 119,432</u>	

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund. Monies set-aside by the Board of Education for budget stabilization is reported as a designation of fund balance in the general fund. The balance in the budget stabilization designation at June 30, 2010 was \$54,777.

The District had qualifying disbursements during the fiscal 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. The District's qualifying disbursements were not sufficient to reduce the set-aside amounts below zero for capital maintenance.

A schedule of the restricted assets at June 30, 2010 follows:

Amount restricted for capital acquisition	\$ 119,432
Amount restricted for BWC refunds	<u>42,320</u>
Total restricted assets	<u>\$ 161,752</u>

## **SUPPLEMENTARY DATA**

**RIDGEWOOD LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Nutrition Grant Cluster:</b>				
(D) (E) School Breakfast Program	10.553	2010	\$ 70,700	\$ 70,700
<b>Total School Breakfast Program</b>			<u>70,700</u>	<u>70,700</u>
(D) (E) National School Lunch Program	10.555	2010	228,111	228,111
(C) (D) National School Lunch Program - Food Donation	10.555	2010	32,113	32,113
<b>Total National School Lunch Program</b>			<u>260,224</u>	<u>260,224</u>
<b>Total U.S. Department of Agriculture and Nutrition Grant Cluster</b>			<u>330,924</u>	<u>330,924</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Title I Grant Cluster:</b>				
(F) (H) Title I Grants to Local Educational Agencies	84.010	2009	23,087	28,294
(F) (H) Title I Grants to Local Educational Agencies	84.010	2010	197,267	193,291
<b>Total Title I Grants to Local Educational Agencies</b>			<u>220,354</u>	<u>221,585</u>
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	42,434	29,050
<b>Total Title I Grant Cluster</b>			<u>262,788</u>	<u>250,635</u>
<b>Special Education Grant Cluster:</b>				
(G) Special Education_Grants to States	84.027	2009	-	2,053
(G) Special Education_Grants to States	84.027	2010	237,049	232,532
<b>Total Special Education_Grants to States</b>			<u>237,049</u>	<u>234,585</u>
(G) ARRA - Special Education Grants to States, Recovery Act	84.391	2010	162,695	158,224
(G) Special Education_Preschool Grants	84.173	2010	10,883	10,883
(G) ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2010	6,368	6,368
<b>Total Special Education Grant Cluster</b>			<u>416,995</u>	<u>410,060</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	5,519	5,519
(H) State Grants for Innovative Programs	84.298	2009	(514)	-
(H) State Grants for Innovative Programs	84.298	2010	2,169	2,169
<b>Total State Grants for Innovative Programs</b>			<u>1,655</u>	<u>2,169</u>
(H) Education Technology State Grants	84.318	2009	(244)	-
(H) Education Technology State Grants	84.318	2010	2,275	75
<b>Total Education Technology State Grants</b>			<u>2,031</u>	<u>75</u>
Improving Teacher Quality State Grants	84.367	2009	11,995	10,776
Improving Teacher Quality State Grants	84.367	2010	78,308	77,647
<b>Total Improving Teach Quality State Grants</b>			<u>90,303</u>	<u>88,423</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	468,585	460,793
<b>Total U.S. Department of Education</b>			<u>1,247,876</u>	<u>1,217,674</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,578,800</u>	<u>\$ 1,548,598</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2010.  
(B) This schedule was prepared on the cash basis of accounting.  
(C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.  
(D) Included as part of the "Nutrition Grant Cluster" in determining major programs.  
(E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
(F) Included as part of the "Title I Grant Cluster" in determining major programs.  
(G) Included as part of the "Special Education Grant Cluster" in determining major programs.  
(H) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2010, the ODE authorized the following transfers:

Program Title	CFDA Grant	Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2009	\$ 7,692	
Title I Grants to Local Educational Agencies	84.010	2010		\$ 7,692
State Grants for Innovative Programs	84.298	2009	514	
State Grants for Innovative Programs	84.298	2010		514
Education Technology State Grants	84.318	2009	244	
Education Technology State Grants	84.318	2010		244
<b>Totals</b>			<u>\$ 8,450</u>	<u>\$ 8,450</u>



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgewood Local School District, Coshocton County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise Ridgewood Local School District's basic financial statements and have issued our report thereon dated November 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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



Board of Education  
Ridgewood Local School District

Compliance and Other Matters

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

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

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

Julian & Grube, Inc.  
November 22, 2010



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

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

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

To the Board of Education:

Compliance

We have audited the compliance of 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 apply to each of its major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies Ridgewood Local School District's major federal programs. Ridgewood Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on Ridgewood Local School District's compliance based on our audit.

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

In our opinion, Ridgewood Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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

Board of Education  
Ridgewood Local School District

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

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
November 22 2010

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

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

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

**SCHEDULE OF FINDINGS  
*OMB CIRCULAR A-133 § .505*  
JUNE 30, 2010**

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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**Mary Taylor, CPA**  
Auditor of State

**RIDGEWOOD LOCAL SCHOOL DISTRICT**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 18, 2011**