



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Ridgemont Local School District

Hardin County, Ohio

Single Audit

July 1, 2010 through June 30, 2011

Year Audited Under GAGAS: 2011

bhs

Circleville

Ironton

Piketon

Wheelersburg

Worthington



Dave Yost • Auditor of State

Board of Education
Ridgemont Local School District
330 West Taylor Street
Mount Victory, Ohio 43340

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

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

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

Dave Yost
Auditor of State

May 22, 2012

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Ridgemoat Local School District
Hardin County, Ohio

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Members of the Board
Ridgemont Local School District
330 West Taylor Street
Mount Victory, OH 43340

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ridgemont Local School District, Hardin County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 basic 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.

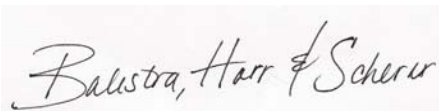
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ridgemont Local School District, Hardin County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General fund and IDEA fund for the 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 February 10, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The schedule of federal awards receipts and expenditures provides additional information 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. The schedule of federal awards receipts and expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 22, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored, slightly textured background.

Balestra, Harr & Scherer, CPAs, Inc.

February 10, 2012

Ridgmont Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Unaudited

The discussion and analysis of Ridgmont Local School District's (the "District") financial performance provides an overall view of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- Net assets of governmental activities increased by \$794,836 while net assets of business-type activities increased by \$19,942.
- General revenues accounted for \$4,825,991 in revenue or 74.7% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,638,435 or 25.3% of total revenues of \$6,464,426.
- The District had \$5,669,590 in expenses related to government activities; only \$1,638,435 of these expenses was offset by program specific charges for services, grants and contributions. Program revenues were not adequate to provide for these programs.
- The District had \$298,443 in expenses related to business-type activities. Program revenues of \$300,885 were adequate to provide for these services.
- Capital outlay additions of \$98,936 consisted of a new furniture and equipment.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 non-major funds presented in total in one column. In case of the District, the General Fund, IDEA Fund, and the Bond Retirement Fund are the only major funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tell the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property 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 District is divided into two distinct kinds of activities:

- Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service and uniform school supplies are reported as business activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements 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, IDEA 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 into cash. The governmental fund 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 financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Table 1 provides a summary of the District's net assets for 2011:

	Table 1 Net Assets			
	Governmental Activities		Business-Type Activities	
	2011	2010	2011	2010
Assets				
Current Assets	\$ 2,820,812	\$ 2,467,295	\$ 35,222	\$ 22,110
Capital Assets	<u>1,898,437</u>	<u>1,992,845</u>	<u>20,108</u>	<u>18,187</u>
Total Assets	<u>4,719,249</u>	<u>4,460,140</u>	<u>55,330</u>	<u>40,297</u>
Liabilities				
Current Liabilities	1,225,573	1,633,530	26,614	32,065
Long-Term Liabilities	<u>817,022</u>	<u>944,792</u>	<u>4,167</u>	<u>3,625</u>
Total Liabilities	<u>2,042,595</u>	<u>2,578,322</u>	<u>30,781</u>	<u>35,690</u>
Net Assets				
Invested in Capital Assets, Net of Debt	_ 1,670,251	_ 1,698,349	_ 20,108	_ 18,187
Restricted	277,621	310,238	-	-
Unrestricted (Deficit)	<u>728,782</u>	<u>(126,769)</u>	<u>4,441</u>	<u>(13,580)</u>
Total Net Assets	<u>\$ 2,676,654</u>	<u>\$ 1,881,818</u>	<u>\$ 24,549</u>	<u>\$ 4,607</u>

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Table 2 shows the changes in net assets for fiscal year 2011 compared to fiscal year 2010:

	Table 2 Change in Net Assets					
	Governmental Activities		Business Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for Services	\$ 697,591	\$ 809,818	\$ 139,580	\$ 139,164	\$ 837,171	\$ 948,982
Operating Grants and Contributions	940,844	402,806	161,305	135,897	1,102,149	538,703
General Revenues:						
Property Taxes	1,654,107	1,204,318	-	-	1,654,107	1,204,318
Income Taxes	583,469	491,762	-	-	583,469	491,762
Grants and Entitlements	2,520,385	2,624,997	-	-	2,520,385	2,624,997
Unrestricted Investment Earnings	2,477	2,585	-	-	2,477	2,585
Miscellaneous	83,053	62,021	-	-	83,053	62,021
Transfers	(17,500)	(35,000)	17,500	35,000	-	-
Total Revenues	6,464,426	5,563,307	318,385	310,061	6,782,811	5,873,368
Expenses						
Program Expenses:						
Instruction:						
Regular	2,525,728	2,491,597	-	-	2,525,728	2,491,597
Special	441,824	379,213	-	-	441,824	379,213
Vocational	263,387	164,452	-	-	263,387	164,452
Other	45,537	75,214	-	-	45,537	75,214
Support Services:						
Pupils	78,290	230,718	-	-	78,290	230,718
Instructional Staff	207,636	217,578	-	-	207,636	217,578
Board of Education	29,888	23,438	-	-	29,888	23,438
Administration	666,492	638,811	-	-	666,492	638,811
Fiscal	234,879	222,454	-	-	234,879	222,454
Operation of Maintenance of Plant	467,454	489,866	-	-	467,454	489,866
Pupil Transportation	385,619	385,688	-	-	385,619	385,688
Central	2,261	59,693	-	-	2,261	59,693
Operation of Non-Instructional Services	55,291	1,292	-	-	55,291	1,292
Extracurricular Activities	200,598	203,168	-	-	200,598	203,168
Facilities Acquisition Construction	4,270	2,879	-	-	4,270	2,879
Interest and Fiscal Charges	60,436	66,799	-	-	60,436	66,799
Food Service	-	-	290,450	301,560	290,450	301,560
Uniform School Supplies	-	-	7,993	6,696	7,993	6,696
Total Expenses	5,669,590	5,652,860	298,443	308,256	5,968,033	5,961,116
Increase (Decrease) in Net Assets	\$ 794,836	\$ (89,553)	\$ 19,942	\$ 1,805	\$ 814,778	\$ (87,748)

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Governmental Activities

Net assets of the District's governmental activities increased by \$794,836. Program revenue of \$1,638,435 and general revenues of \$4,825,991 offset total governmental expenses of \$5,669,590. Program revenues supported only 25.3% of the total governmental expenses.

Several revenue sources fund the District's governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated \$1,654,107 in fiscal year 2011. General revenues from grants and entitlements, such as the school foundation program, generated approximately \$2,520,385. These two revenue sources represent 64.6% of total governmental revenue.

Real estate property is reappraised every six years. Hardin County had its triennial update in calendar year 2006. Although historical growth has had a positive effect on the District's tax base, the full tax revenue impact has not been realized due to H.B. 920. This state law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property values. Increases in valuation prompt corresponding annual reductions in the "effective millage", the tax rates applied to real property. Thus, although the District tax valuation continues to grow, this built-in revenue limitation requires the District to request additional school operating revenue by placing a levy on the ballot every three to five years, on average.

The DeRolph III court case decisions have not eliminated the local dependence on property taxes. This factor continues to be a situation the District has to deal with in providing funding for the program offering of the District.

Instruction costs of \$3,276,476 comprise 57.8% of governmental program expenses of \$5,669,590.

The statement of activities shows the cost of program services and the charges for services and grants attributable to those services.

Business-Type Activities

Business-type activities consist of the food service and uniform school supplies operations. These programs had revenue of \$292,858 and \$8,027 with expenses of \$290,450 and \$7,993, respectively.

The District's Funds

The District's major funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$5,840,323 and total expenditures were \$5,735,127. The District revenue exceed the expenditures by \$105,196.

The District's general fund balance increased by \$103,415. The increase in fund balance can be attributed to State income taxes increasing by approximately \$92,000.

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 District's general fund.

During fiscal year 2011, the District amended its general fund balance. Budget revisions are presented to the Board of Education for approval. This year amendments were considered routine.

For the general fund, the final budget basis revenue estimate was adjusted to the actual revenue of \$4,724,898. The original expenditures estimate of \$4,833,500 was decreased to \$4,763,445. The actual expenditures were \$4,619,212.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$1,918,545 invested in land, buildings, equipment and vehicles. This is accounting for both Governmental Activities and Business-Type Activities assets. The table below shows a comparison of fiscal year 2011 to 2010.

Table 3
Capital Assets as of June 30, 2011
(Net of Depreciation)

	Governmental Type Activities		Business Type Activities	
	2011	2010	2011	2010
Land	\$ 78,259	\$ 78,259	\$ -	\$ -
Land Improvements	180,608	215,461	-	-
Buildings and Improvements	1,380,827	1,445,673	-	-
Furniture and Equipment	172,811	166,484	20,108	18,187
School Buses and Vehicles	85,932	86,968	-	-
Total Capital Assets	\$ 1,898,437	\$ 1,992,845	\$ 20,108	\$ 18,187

Debt

As of June 30, 2011, the District has \$634,856 in bonds outstanding, \$107,198 due within one year. Table 4 summarizes bond and notes outstanding.

Table 4
Outstanding Debt, at Year End

	Governmental Activities 2011	Governmental Activities 2010
School Improvement Refunding Bonds		
Capital Appreciation Bonds	\$ 228,186	\$ 294,496
Accretion on Capital Appreciation Bonds	406,670	469,471
Total	\$ 634,856	\$ 763,967

For more information on the District's long-term liabilities, see Note 14 to the basic financial statements.

Other Issues

The District faces many challenges in the future. As the preceding information shows, the District relies heavily upon grants and entitlements and property taxes. Another challenge facing the District is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward schools districts with little property tax wealth. On December 11, 2004, the Ohio Supreme Court issued an opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. Since then, the Ohio Supreme Court has relinquished jurisdiction over the case and directed the Ohio General Assembly to enact school funding plan that is thorough and efficient. The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Due to the unsettled issues in Ohio public school funding, district management is required to plan carefully and prudently to provide the resources to meet student needs in the future.

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 show the District's accountability for the money it receives. If you have any questions about this report or need financial information contact Fred Reinemeyer, Treasurer of Ridgemont Local School District, 330 W. Taylor Street, Mount Victory, Ohio 43340.

Ridgemon Local School District
Statement of Net Assets
As of June 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,157,103	\$ 21,479	\$ 1,178,582
Receivables:			
Taxes	1,211,096	-	1,211,096
Accounts	47	34	81
Intergovernmental	178,179	-	178,179
Income Tax	222,302	-	222,302
Prepaid Items	52,085	1,367	53,452
Inventory for Resale	-	12,342	12,342
Non-Depreciable Capital Assets	78,259	-	78,259
Depreciable Capital Assets, Net	1,820,178	20,108	1,840,286
<i>Total Assets</i>	<u>\$ 4,719,249</u>	<u>\$ 55,330</u>	<u>\$ 4,774,579</u>
Liabilities			
Accounts Payable	\$ 32,095	\$ -	\$ 32,095
Accrued Wages and Benefits	399,043	11,797	410,840
Intergovernmental Payable	181,351	7,085	188,436
Deferred Revenue	603,004	7,732	610,736
Accrued Interest Payable	10,080	-	10,080
Long-Term Liabilities:			
Due Within One Year	202,960	-	202,960
Due In More Than One Year	614,062	4,167	618,229
<i>Total Liabilities</i>	<u>2,042,595</u>	<u>30,781</u>	<u>2,073,376</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,670,251	20,108	1,690,359
Restricted for:			
Debt Service	153,916	-	153,916
Other Purposes	123,705	-	123,705
Unrestricted (Deficit)	728,782	4,441	733,223
<i>Total Net Assets</i>	<u>\$ 2,676,654</u>	<u>\$ 24,549</u>	<u>\$ 2,701,203</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities						
Instruction:						
Regular	\$ 2,525,728	\$ 640,727	\$ 244,257	\$ (1,640,744)	\$ -	\$ (1,640,744)
Special	441,824	56,864	428,616	43,656	-	43,656
Vocational	263,387	-	1,122	(262,265)	-	(262,265)
Other	45,537	-	3,234	(42,303)	-	(42,303)
Support Services:						
Pupils	78,290	-	-	(78,290)	-	(78,290)
Instructional Staff	207,636	-	91,591	(116,045)	-	(116,045)
Board of Education	29,888	-	-	(29,888)	-	(29,888)
Administration	666,492	-	172,024	(494,468)	-	(494,468)
Fiscal	234,879	-	-	(234,879)	-	(234,879)
Operation and Maintenance of Plant	467,454	-	-	(467,454)	-	(467,454)
Pupil Transportation	385,619	-	-	(385,619)	-	(385,619)
Central	4,947	-	-	(4,947)	-	(4,947)
Extracurricular Activities	200,598	-	-	(200,598)	-	(200,598)
Operation of Non-Instructional Services	52,605	-	-	(52,605)	-	(52,605)
Facilities and Acquisition and Construction Services	4,270	-	-	(4,270)	-	(4,270)
Interest and Fiscal Charges	60,436	-	-	(60,436)	-	(60,436)
<i>Total Governmental Activities</i>	<u>5,669,590</u>	<u>697,591</u>	<u>940,844</u>	<u>(4,031,155)</u>	<u>-</u>	<u>(4,031,155)</u>
Business-Type Activities						
Food Service	290,450	131,553	161,305	-	2,408	2,408
Uniform School Supplies	7,993	8,027	-	-	34	34
<i>Total Business-Type Activities</i>	<u>298,443</u>	<u>139,580</u>	<u>161,305</u>	<u>-</u>	<u>2,442</u>	<u>2,442</u>
<i>Total All Activities</i>	<u>\$5,968,033</u>	<u>\$837,171</u>	<u>\$1,102,149</u>	<u>(4,031,155)</u>	<u>2,442</u>	<u>(4,028,713)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes				1,434,117	-	1,434,117
Debt Service				219,990	-	219,990
Income Taxes				583,469	-	583,469
Grants and Entitlements not Restricted to				2,520,385	-	2,520,385
Unrestricted Investment Earnings				2,477	-	2,477
Miscellaneous				83,053	-	83,053
<i>Total General Revenues</i>				<u>4,843,491</u>	<u>-</u>	<u>4,843,491</u>
Transfers				(17,500)	17,500	-
Change in Net Assets				794,836	19,942	814,778
<i>Net Assets Beginning of Year</i>				<u>1,881,818</u>	<u>4,607</u>	<u>1,886,425</u>
<i>Net Assets End of Year</i>				<u>\$ 2,676,654</u>	<u>\$ 24,549</u>	<u>\$ 2,701,203</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgmont Local School District
Balance Sheet
Governmental Funds
As of June 30, 2011

	<u>General</u>	<u>IDEA Fund</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 825,202	\$ 101,632	\$ 163,671	\$ 66,598	\$ 1,157,103
Receivables:					
Taxes	1,050,980	-	160,116	-	1,211,096
Accounts	47	-	-	-	47
Intergovernmental	8,717	101,632	-	67,830	178,179
Income Taxes	222,302	-	-	-	222,302
Interfund Receivable	170,162	-	-	-	170,162
Prepaid Items	48,571	-	-	3,514	52,085
<i>Total Assets</i>	<u>2,325,981</u>	<u>203,264</u>	<u>323,787</u>	<u>137,942</u>	<u>2,990,974</u>
Liabilities					
Accounts Payable	16,486	-	-	15,609	32,095
Accrued Wages and Benefits	366,708	-	-	32,335	399,043
Intergovernmental Payable	143,892	30,558	-	6,901	181,351
Interfund Payable	-	101,632	-	68,530	170,162
Deferred Revenue	968,717	101,632	147,883	67,830	1,286,062
<i>Total Liabilities</i>	<u>1,495,803</u>	<u>233,822</u>	<u>147,883</u>	<u>191,205</u>	<u>2,068,713</u>
Fund Balances					
Nonspendable	48,571	-	-	3,514	52,085
Restricted	82,263	101,632	175,904	50,196	409,995
Assigned	6,121	-	-	-	6,121
Unassigned	693,223	(132,190)	-	(106,973)	454,060
Total Fund Balances	<u>830,178</u>	<u>(30,558)</u>	<u>175,904</u>	<u>(53,263)</u>	<u>922,261</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,325,981</u>	<u>\$ 203,264</u>	<u>\$ 323,787</u>	<u>\$ 137,942</u>	<u>\$ 2,990,974</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgemont Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 As of June 30, 2011

Total Governmental Fund Balances \$ 922,261

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,898,437

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Property Taxes	513,596	
Grants	169,462	
Total	683,058	683,058

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(182,166)	
School Improvement Refunding Bonds	(228,186)	
Accretion on School Improvement Refunding Bonds	(406,670)	
Accrued Interest Payable	(10,080)	
Total	(827,102)	(827,102)

Net Assets of Governmental Activities \$ 2,676,654

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	<u>General</u>	<u>IDEA Fund</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 1,010,916	\$ -	\$ 156,050	\$ -	\$ 1,166,966
Income Taxes	583,469	-	-	-	583,469
Intergovernmental	2,494,984	139,130	25,401	646,952	3,306,467
Investment Income	2,477	-	-	-	2,477
Tuition	638,246	-	-	-	638,246
Extracurricular Activities	-	-	-	42,164	42,164
Classroom Materials and Fees	2,481	-	-	39,729	42,210
Miscellaneous	43,324	-	-	-	43,324
<i>Total Revenues</i>	<u>4,775,897</u>	<u>139,130</u>	<u>181,451</u>	<u>728,845</u>	<u>5,825,323</u>
Expenditures					
Instruction:					
Regular	2,275,474	-	-	234,832	2,510,306
Special	154,401	143,134	-	187,849	485,384
Vocational	164,050	-	-	98,548	262,598
Other	17,326	-	-	12,223	29,549
Support Services:					
Pupils	70,135	-	-	6,702	76,837
Instructional Staff	166,118	-	-	36,422	202,540
Board of Education	27,679	-	-	1,954	29,633
Administration	646,708	-	-	16,924	663,632
Fiscal	223,764	-	-	8,000	231,764
Operation and Maintenance of Plant	458,104	-	-	-	458,104
Pupil Transportation	309,770	-	-	-	309,770
Central	4,947	-	-	-	4,947
Extracurricular Activities	119,958	-	-	75,778	195,736
Operation of Non-Instructional Services	1,548	-	-	51,057	52,605
Debt Service:					
Principal Retirement	-	-	66,310	-	66,310
Interest and Fiscal Charges	-	-	122,912	-	122,912
<i>Total Expenditures</i>	<u>4,639,982</u>	<u>143,134</u>	<u>189,222</u>	<u>730,289</u>	<u>5,702,627</u>
<i>Excess (Deficiency) of Revenues Over/(Under) Expenditures</i>	135,915	(4,004)	(7,771)	(1,444)	122,696
Other Financing Sources (Uses)					
Proceeds from the Sale of Assets	-	-	-	-	-
Transfers In	-	-	-	15,000	15,000
Transfers Out	(32,500)	-	-	-	(32,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(32,500)</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>(17,500)</u>
<i>Net Change in Fund Balances</i>	103,415	(4,004)	(7,771)	13,556	105,196
<i>Fund Balances at Beginning of Year</i>	726,763	(26,554)	183,675	(66,819)	817,065
<i>Fund Balances at End of Year</i>	<u>\$ 830,178</u>	<u>\$ (30,558)</u>	<u>\$ 175,904</u>	<u>\$ (53,263)</u>	<u>\$ 922,261</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 105,196

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

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

Capital Asset Additions	95,542	
Current Year Depreciation	(189,950)	
Total	(94,408)	(94,408)

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

Delinquent Property Taxes	487,141	
Grants Revenue	169,462	
Total	656,603	656,603

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of net assets.

Principal Payments		66,310
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Accretion of Capital Appreciation Bonds reduces Interest and Fiscal Charges in the Statement of Activities but not in the governmental funds.		118,690
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In the statement of activities, interest is accrued on an outstanding note, whereas in governmental funds, an interest expenditure is reported when due		(56,214)
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Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures governmental funds.

Compensated Absences		(1,341)
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Net Change in Net Assets of Governmental Activities \$ 794,836

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,011,920	\$ 1,022,307	\$ 1,022,307	\$ -
Intergovernmental	2,501,632	2,494,984	2,494,984	-
Investment Income	2,500	2,477	2,477	-
Tuition	724,704	638,246	638,246	-
Classroom Materials and Fees	5,000	2,549	2,549	-
Income Taxes	483,449	523,398	523,398	-
Miscellaneous	36,000	40,937	40,937	-
<i>Total Revenues</i>	<u>4,765,205</u>	<u>4,724,898</u>	<u>4,724,898</u>	<u>-</u>
Expenditures				
Instruction:				
Regular	2,464,245	2,304,724	2,272,641	32,083
Special	126,530	141,151	138,733	2,418
Vocational	180,655	183,788	173,776	10,012
Other	25,000	16,000	15,691	309
Support Services:				
Pupils	76,745	100,533	85,075	15,458
Instructional Staff	206,975	186,659	172,692	13,967
Board of Education	28,335	31,078	29,853	1,225
Administration	596,465	629,589	618,480	11,109
Fiscal	198,300	205,686	200,833	4,853
Operation and Maintenance of Plant	498,655	494,944	463,885	31,059
Pupil Transportation	301,515	337,983	324,260	13,723
Central	3,000	3,466	3,466	-
Extracurricular Activities	125,820	126,291	118,279	8,012
Operation of Non-Instructional Services	1,000	1,553	1,548	5
Facilities Acquisition and Construction Services	260	-	-	-
<i>Total Expenditures</i>	<u>4,833,500</u>	<u>4,763,445</u>	<u>4,619,212</u>	<u>144,233</u>
<i>Excess (Deficiency) of Revenues Over/(Under) Expenditures</i>	(68,295)	(38,547)	105,686	144,233
Other Financing Sources (Uses)				
Refunds of Prior Year Expenditures	(2,000)	-	-	-
Advances In	102,523	102,523	102,523	-
Advances Out	(50,000)	(172,067)	(172,067)	-
Transfers Out	(32,500)	(32,500)	(32,500)	-
<i>Total Other Financing Sources (Uses)</i>	<u>18,023</u>	<u>(102,044)</u>	<u>(102,044)</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</i>	(50,272)	(140,591)	3,642	144,233
<i>Fund Balance at Beginning of Year</i>	749,090	749,090	749,090	-
<i>Prior Year Encumbrances Appropriated</i>	<u>49,863</u>	<u>49,863</u>	<u>49,863</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 748,681</u>	<u>\$ 658,362</u>	<u>\$ 802,595</u>	<u>\$ 144,233</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP) and Actual
IDEA Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	26,554	26,554	26,554	-
Investment Income	-	-	-	-
Tuition	-	-	-	-
Classroom Materials and Fees	-	-	-	-
Income Taxes	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>26,554</u>	<u>26,554</u>	<u>26,554</u>	<u>-</u>
Expenditures				
Instruction:				
Regular	-	-	-	-
Special	101,632	101,632	101,632	-
Vocational	-	-	-	-
Other	-	-	-	-
Support Services:				
Pupils	-	-	-	-
Instructional Staff	-	-	-	-
Board of Education	-	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Pupil Transportation	-	-	-	-
Central	-	-	-	-
Extracurricular Activities	-	-	-	-
Operation of Non-Instructional Services	-	-	-	-
Facilities Acquisition and Construction Services	-	-	-	-
<i>Total Expenditures</i>	<u>101,632</u>	<u>101,632</u>	<u>101,632</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues Over/(Under) Expenditures</i>	(75,078)	(75,078)	(75,078)	-
Other Financing Sources (Uses)				
Refunds of Prior Year Expenditures	-	-	-	-
Advances In	101,632	101,632	101,632	-
Advances Out	(26,554)	(26,554)	(26,554)	-
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>75,078</u>	<u>75,078</u>	<u>75,078</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</i>	-	-	-	-
<i>Fund Balance at Beginning of Year</i>	(26,554)	(26,554)	(26,554)	-
<i>Prior Year Encumbrances Appropriated</i>	-	-	-	-
<i>Fund Balance at End of Year</i>	<u>\$ (26,554)</u>	<u>\$ (26,554)</u>	<u>\$ (26,554)</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgmont Local School District
Statement of Net Assets
Proprietary Funds
As of June 30, 2011

	Enterprise Funds
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 21,479
Prepaid Items	1,367
Accounts Receivable	34
Inventory for Resale	12,342
Noncurrent Assets:	
Depreciable Capital Assets, Net	20,108
<i>Total Assets</i>	55,330
Liabilities	
Current Liabilities:	
Accrued Wages and Benefits	11,797
Intergovernmental Payable	7,085
Deferred Revenue	7,732
<i>Total Current Liabilities</i>	26,614
Long-Term Liabilities:	
Compensated Absences Payable	4,167
<i>Total Long-Term Liabilities</i>	4,167
<i>Total Liabilities</i>	30,781
Net Assets	
Invested in Capital Assets	20,108
Unrestricted (Deficit)	4,441
<i>Total Net Assets</i>	\$ 24,549

The notes to the basic financial statements are an intergral part of this

Ridgmont Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds
Operating Revenues	
Food Service	\$ 131,553
Classroom Fees	8,027
	139,580
<i>Total Operating Revenues</i>	139,580
Operating Expenses	
Salaries	93,569
Fringe Benefits	35,251
Purchased Services	1,115
Materials and Supplies	8,058
Cost of Sales	158,977
Depreciation	1,473
	298,443
<i>Total Operating Expenses</i>	298,443
<i>Operating Loss</i>	(158,863)
Nonoperating Revenues	
Federal Donated Commodities	45,969
Operating Grants	115,336
	161,305
<i>Total Nonoperating Revenues</i>	161,305
<i>Income Before Transfers</i>	2,442
Transfers In	17,500
	19,942
<i>Changes in Net Assets</i>	19,942
<i>Net Assets at Beginning of Year</i>	4,607
<i>Net Assets at End of Year</i>	\$ 24,549

The notes to the basic financial statements are an intergral part of this s

Ridgemon Local School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Customers	\$ 144,814
Cash Payments to Suppliers for Goods and Services	(173,677)
Cash Payments to Employees for Services	(98,099)
Cash Payments for Employees for Benefits	(39,455)
<i>Net Cash Used for Operating Activities</i>	(166,417)
<i>Cash Flows from Noncapital Financing Activities:</i>	
Operating Grants	115,336
Donated Cash for Commodities	45,969
Transfers In	17,500
<i>Net Cash Provided by Noncapital Financing Activities</i>	178,805
<i>Cash Flows from Capital Financing Activities:</i>	
Cash Payments for Capital Additions	(3,394)
<i>Net Cash Used for Capital Financing Activities</i>	(3,394)
<i>Net Increase in Cash and Cash Equivalents</i>	8,994
<i>Cash and Cash Equivalents at Beginning of Year</i>	12,485
<i>Cash and Cash Equivalents at End of Year</i>	\$ 21,479
<i>Reconciliation of Operating Loss to Net Cash Used For Operating Activities</i>	
Operating Loss	\$ (158,863)
Depreciation	1,473
<i>Changes in Assets and Liabilities:</i>	
Increase in Accounts Receivable	(34)
Decrease in Prepaid Items	1,443
Increase in Inventory Held for Resale	(5,527)
Decrease in Accrued Wages and Benefits	(5,973)
Increase in Compensated Absences Payable	542
Decrease in Intergovernmental Payable	(4,746)
Increase in Deferred Revenue	5,268
Total Adjustments	(7,554)
<i>Net Cash Used for Operating Activities</i>	(\$166,417)

The notes to the basic financial statements are an integral part of this statement.

Ridgemont Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
As of June 30, 2011

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 20,997	\$ 35,950
Accounts Receivable	-	1,844
<i>Total Assets</i>	<u>20,997</u>	<u>37,794</u>
Liabilities		
Due to Students	-	37,794
<i>Total Liabilities</i>	<u>-</u>	<u>\$ 37,794</u>
Net Assets		
Unrestricted:		
Unclaimed Monies	15,020	
Held in Trust for Scholarships and Needy Children	<u>5,977</u>	
<i>Total Net Assets</i>	<u>\$ 20,997</u>	

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
	Scholarship
Additions	
Miscellaneous	\$ 2,125
<i>Total Additions</i>	2,125
Deductions	
Scholarships	4,224
<i>Total Deductions</i>	4,224
Change in Net Assets	(2,099)
Net Assets Beginning of Year	23,096
Net Assets End of Year	\$ 20,997

The notes to the basic financial statements are an integral part of this statement.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Ridgemont Local School District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under an elected Board of Education (5 members) elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines. Average daily membership (ADM) as of October 1, 2010 was 622. The District employed 40 certificated employees and 21 non-certificated employees.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financials are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District.

Component units are legally separate organizations for 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; the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Components units may also include organizations that fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. The District has no component units.

The District is associated with two jointly governed organizations, an insurance pool, and a related organization. These organizations are the Western Ohio Area Computer Organization (WOCO), Ohio Hi-Point Joint Vocational School District, the Hardin County School Employees' Health and Welfare benefit Plan and Trust, and the Ridgemont Public Library.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

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

FUND FINANCIAL STATEMENTS

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified into three categories: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds focus 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 be or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

IDEA Fund - The IDEA Fund is used to account for and report all financial resources used in providing an appropriate public education to all children with disabilities.

Bond Retirement Fund - The Bond Retirement is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

PROPRIETARY FUNDS

Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as enterprise. There are no internal service funds

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

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's only trust fund is a private purpose trust, which accounts for a scholarship program for students and monies held for needy children, as well as, a fund for unclaimed checks. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Monies are due to students for activities they have participated in.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and others financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of 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 activities.

The private purpose trust is reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Non-exchange 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 year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the 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 of the 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 non-exchange 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 year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Revenue

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

E. Budgetary Process

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

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 and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

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

F. Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During year 2011, investments were limited to STAR Ohio and were reported at fair value, which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during year 2011. STAR Ohio is an investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during year 2011 amounted to only \$2,477, which includes \$750 assigned from other funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in/first-out (FIFO) basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

H. Bond Discounts, Premiums, and Issuance Costs

When the proceeds from general obligation bonded debt are placed in a governmental type fund, any bond issuance costs are shown as capital outlay expenditures. Any premium or discount is included in "Other Financing Sources - Bond Proceeds" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The long-term debt that appears in the Government Wide Financial Statements would always be reported at the bond's face value.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2011
 (Continued)

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the Food Service enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	15	
Buildings and Improvements	40	
Furniture and Equipment	10	10
Vehicles	10	

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees to a maximum of 50 days.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The entire compensated absence liability is reported on the government-wide financial statements.

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

L. 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 proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they will be paid with current, expendable, available resources. In general, payments made within thirty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

M. Fund Balance

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

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

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

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education.

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

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

N. Net Assets

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

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

O. Operating Revenues and Expense

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and uniform school supplies. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund.

P. Interfund Transactions

Transfers between governmental and business-type activities on the governmental-wide statements are reported in the same manner as general revenues.

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 non-operating revenues/expense in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Estimates

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the District is 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual presented for each major governmental fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

Net Change in Fund Balance	General	IDEA
Budget Basis	\$ 3,642	\$ -
Adjustments:		
Revenue Accruals:		
Accrued FY2010, Received in Cash FY2011	(256,013)	-
Accrued FY2011, Not Yet Received in Cash	307,012	10,944
Expenditure Accruals:		
Accrued FY2010, Paid in Cash FY2011	(471,703)	-
Accrued FY2011, Not Yet Paid in Cash	428,326	(41,502)
Encumbrances	22,607	101,632
Other Financial Sources/Uses:		
Advances (Net)	69,544	(75,078)
GAAP Basis	\$ 103,415	\$ (4,004)

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

Statutes require the classification of monies held by the District into three categories:

Active Deposits: those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) account, or in money market deposit accounts.

Inactive Deposits: those monies not required for use within the current two-year period of designation of depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Deposits: 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.

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 money deposited with the institution.

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

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

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principle 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 the Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchased agreement must exceed the principal value of the agreements by at least two percent and be marked to market 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 or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in § 135.03 of the Revised Code;
7. The State Treasurer's Investment pool (STAROhio);
8. Commercial paper and bankers' acceptances if training requirements have been met.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits with Financial Institutions

At fiscal year end June 30, 2011, the carrying amount of the District's deposits was \$(141,267) and the bank balance was \$75,208. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2011, \$75,208 was covered by the Federal Depository Insurance Corporation. At fiscal year- end there was no exposure to custodial credit risk.

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository 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.

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

The District had no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secure.

Investments

Investments of the District as of June 30, 2011 were as follows:

	<u>Fair Value</u>	<u>Maturity</u>
STAROHIO	\$1,376,796	<1 year

Interest Rate Risk –the District has no policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute requires that an investment mature within five years from date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity

Credit Risk – STAROHIO is an investment pool managed by the Treasurer of the State of Ohio. STAROHIO is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Act of 1940. STAR OHIO has obtained an AAA money market rating by Standard & Poor’s. The District has no policy regarding credit risk.

Concentration of Credit Risk -- The District places no limit on the amount it may invest in any one issuer. The District invests solely in STAROHIO.

Custodial Credit Risk – Custodial credit risk for investments 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. In accordance with the investment policy, all of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

NOTE 5 - PROPERTY TAXES

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

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

Public utility real for 2011 were levied after April 1, 2010, on the assessed values as of December 31, 2010, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

The District receives property taxes from Hardin County and Logan County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2011, are available to finance year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance year 2011 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The amount available as an advance at June 30, 2011, was \$82,942 in the General Fund and \$12,307 in the Debt Service Bond Retirement Fund.

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

Hardin County:	2011 First-Half Collections		2010 Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Public Utility	\$ 46,180,180	93.92%	\$ 45,786,350	94.16%
Tangible Personal Property	2,987,340	6.08%	2,837,300	5.84%
Total Assessed Value	\$ 49,167,520	100.00%	\$ 48,623,650	100.00%
 Tax rate per \$1,000 of assessed valuation	 <u>\$ 34.20</u>		 <u>\$ 34.30</u>	
Logan County:	2011 First-Half Collections		2010 Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Public Utility	\$ 9,224,290	94.37%	\$ 7,042,910	92.92%
Tangible Personal Property	549,890	1.12%	536,520	1.10%
Total Assessed Value	\$ 9,774,180	95.49%	\$ 7,579,430	94.02%
 Tax rate per \$1,000 of assessed valuation	 <u>\$ 34.20</u>		 <u>\$ 34.30</u>	

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

NOTE 6 - INTERFUND RECEIVABLE/INTERFUND PAYABLE

Interfund balances at June 30, 2011, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 170,162	\$ -
IDEA, Part B Stimulus	-	101,632
Non-Major Funds:		
West Central Ohio Tech Prep Grar	-	700
Education Jobs Fund	-	32,859
Race to the Top	-	26,894
Title I	-	1,976
Rural Education Achievement	-	6,101
Totals	<u>\$ 170,162</u>	<u>\$170,162</u>

The amounts due to the general fund are the result of the District moving unrestricted monies to support grant funds.

Interfund Transfers

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 32,500
Non-Major Governmental Funds		
EMIS/Emergency Management Information	15,000	-
Non-Major Business-Type Fund:		
Food Service	17,500	-
Totals	<u>\$ 32,500</u>	<u>\$ 32,500</u>

Transfers were made by the general fund to move unrestricted balances to support programs and projects accounted for in other funds.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011, consisted of taxes, interest, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

Receivables	Amount
<u>Governmental Type Activities</u>	
Taxes:	
General Fund	\$ 1,273,282
Debt Service Major Fund	160,116
Total Taxes Receivable	\$ 1,433,398
Accounts:	
General Fund	47
Intergovernmental:	
General Fund	8,717
IDEA Fund	101,632
Other Governmental Funds	67,830
Total Intergovernmental Receivable	178,179
Total Governmental Type Activities	\$ 1,611,624
 <u>Business-Type Activities:</u>	
Food Service Fund	\$ 34
 <u>Fiduciary Type Activities:</u>	
Student Activities Fund	\$ 1,844

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

NOTE 8 – CAPITAL ASSETS

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

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011
<u>Governmental Activities</u>				
Land	\$ 78,259	\$ -	\$ -	\$ 78,259
Land Improvements	522,802	-	-	522,802
Buildings and Improvements	5,255,999	-	-	5,255,999
Furniture and Equipment	1,095,450	95,542	-	1,190,992
Books	287,369	-	-	287,369
School Buses and Vehicles	719,383	-	-	719,383
Totals at Historical Cost	<u>7,959,262</u>	<u>95,542</u>	<u>-</u>	<u>8,054,804</u>
Less Accumulated Depreciation:				
Land Improvements	307,341	34,853	-	342,194
Buildings and Improvements	3,810,326	64,846	-	3,875,172
Furniture and Equipment	931,510	57,265	-	988,775
Books	284,825	31,950	-	316,775
Vehicles	632,415	1,036	-	633,451
Total Accumulated Depreciation	<u>5,966,417</u>	<u>189,950</u>	<u>-</u>	<u>6,156,367</u>
<u>Governmental Activities</u>				
Capital Assets, Net	<u>\$ 1,992,845</u>	<u>\$ (94,408)</u>	<u>\$ -</u>	<u>\$ 1,898,437</u>
<u>Business-Type Activities</u>				
Furniture and Equipment	125,038	3,394	-	128,432
Less Accumulated Depreciation	<u>106,851</u>	<u>1,473</u>	<u>-</u>	<u>108,324</u>
<u>Business-Type Activities</u>				
Capital Assets, Net	<u>\$ 18,187</u>	<u>\$ 1,921</u>	<u>\$ -</u>	<u>\$ 20,108</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 45,576
Special Instruction	14,560
Vocational	14,470
Other Instruction	15,988
Support Service:	
Pupil	1,330
Instructional Staff	1,273
Board	255
Administration	2,118
Fiscal	1,936
Operation and Maintenance of Plant	8,920
Pupil Transportation	70,750
Extracurricular	8,504
Facilities Acquisition and Construction	4,270
Total Depreciation Expense	<u>\$ 189,950</u>

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

NOTE 9 - RISK MANAGEMENT

Employees Health Care:

The District is a member of the Hardin County School Employees' Health and Welfare Benefit Program. This organization is a public entity risk pool consisting of Ridgemont Local Schools, North Central Ohio Educational Service Center, the Sandusky Educational Service Center, and four other local school districts: Old fort, Bettsville, Hardin East and New Riegel. The organization was established pursuant to ORS 9.833 in order to act as a common risk management and insurance program to provide health care benefits. The organization's Board of Directors is comprised of one member from each of the local school districts and educational service centers. The Ohio Educational Service Center acts as fiscal agent for the organization.

Comprehensive:

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2011, the District maintained comprehensive insurance coverage with a private carrier for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully registered. The District has entered into contracts with various insurance agencies for the following amounts of coverage and deductibles:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability	\$5,000,000 \$3,000,000	General Aggregate Each Occurrence
Vehicle Policy	\$3,000,000 \$1,000,000 \$1,000,000	Liability Property damage Uninsured Motorist
Building and Contents	\$17,612,717	\$1,000
Blanket Bond	\$10,000	Per Individual

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the District has not significantly reduced coverages in the past year.

OSBA Worker's Compensation Group Rating Program:

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

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

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 workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to State Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under **Employers/Audit Resources**.

For the fiscal year 2011, plan members were required to contribute 10% of their annual covered salary and the School District was required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions for pension obligations to SERS for the years ended June 30, 2011, 2010 and 2009 were \$131,522, \$83,647 and \$71,392, respectively, which equaled the required contributions each year.

B. State Teachers Retirement Systems

The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB. In the Combined Plan, the member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – The member allocates Member contributions, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined

contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’ public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offer by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or a lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65 once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependent. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio Law health care benefits are not guaranteed.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

A Defined Benefit 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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contributions rate are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The School District's required contribution for pension obligations for the fiscal years 2011, 2010, and 2009 was \$306,483, \$317,622 and \$272,220; 84.4 percent has been contributed for fiscal year June 30, 2011 and 100.0 has been contributed for fiscal year 2010 and 2009. \$47,736 represents the unpaid contribution for fiscal year 2011. The balance outstanding is reflected as an intergovernmental payable.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio 2011 Comprehensive Annual Financial Report will be available after December 31, 2010. Additional information or copies of STRS Ohio's 2011 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Board St., Columbus, Ohio 43215-3771, by calling toll-free (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

NOTE 11 -- POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. 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 less of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76%. The School District contributions for the years ended June 30, 2011, 2010, and 2009 were \$7,354, \$6,725 and \$6,002. 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Health Care Plan

ORS 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's PPO's 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 ORS provides the authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105 (e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the fiscal year ended June 30, 2011, the health care allocation was 1.43%. 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$22,905, \$67,393 and \$54,753, respectively.

The SERS 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 financial reports SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800)878-5853. It is also posted on SERS' website at www.ohsers.org under **Employers/Audit Resources**.

B. State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of a Defined Benefit, a self-directed Defined Contribution, and a Combined Plan that is a hybrid of Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS to offer a cost-sharing, multiple-employer health care plan. STRS provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to the 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care cost in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate establish under Ohio Law. The School District contributions for the fiscal years ended June 30, 2011, 2010, and 2009 were \$23,576, \$24,432, and \$20,940.

NOTE 12 – EMPLOYEE BENEFITS

A. Compensated Absences:

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. For administrators, teachers, and classified employees, such days shall accumulate equal to a maximum of 175 days, and for classified employees, up to a maximum of 200 days. Upon retirement, payment is made at the rate of one fourth of the accumulated sick leave limited to a maximum of 50 paid days.

B. Health Care Benefits:

The District offered insurance benefits, including medical, dental, and life insurance to all employees through the Hardin County School Employees’ Health and Welfare Benefit Plan and Trust. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with the employee depending on the terms of the union contract.

NOTE 13 - SET ASIDES

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during year 2011:

	Textbook Reserve	Maintenance Reserve	Total
Balance 7/1/2010	\$ (337,111)	\$ -	\$ (337,111)
Required Set-Aside	89,141	89,141	178,282
Qualifying Expenditures	(65,923)	(98,936)	(164,859)
Balance 6/30/2011	<u>\$ (313,893)</u>	<u>\$ (9,795)</u>	<u>\$ (323,688)</u>
Balance to be carried forward to future years	<u><u>\$ (313,893)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (313,893)</u></u>

Effective July 1, 2011, House Bill 30, the “Unfunded Mandates Relief Act”, eliminates the requirement that school districts annually set aside an amount per pupil into a textbook and instructional materials fund.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

The School District had qualifying disbursements that reduced the capital improvements set-aside amount below zero. This excess may not be carried forward to offset future year set-aside requirements.

NOTE 14 - LONG-TERM LIABILITIES

The changes in the District's long-term obligations during the year consist of the following:

	Principal Outstanding 6/30/2010	Additions	Reductions	Principal Outstanding 6/30/2011	Amounts Due In One Year
<u>Governmental Activities</u>					
Capital Appreciation Bonds					
4.65% to 9.3404	\$ 294,496	\$ -	\$ 66,310	\$ 228,186	\$ 62,356
Accretion on Capital					
Appreciation Bonds	469,471	55,889	118,690	406,670	122,644
Compensated Absences	180,825	1,341	-	182,166	17,960
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 944,792</u>	<u>\$ 57,230</u>	<u>\$ 185,000</u>	<u>\$ 817,022</u>	<u>\$ 202,960</u>
<u>Business-Type Activities:</u>					
Compensated Absences	\$ 3,625	\$ 542	\$ -	\$ 4,167	\$ -
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 3,625</u>	<u>\$ 542</u>	<u>\$ -</u>	<u>\$ 4,167</u>	<u>\$ -</u>

School Improvement Refunding Bonds

In July 1998, the District issued \$1,929,995 in School Improvement Bonds for the purpose of refunding general obligation bonds originally issued for the purpose of paying the costs of improving, constructing, reconstruction, renovating, remodeling, enlarging, furnishing, and equipping existing buildings and facilities for school purposes and improving sites for school purposes. Of this issuance, \$1,410,000 was serial bonds issued with interest rates ranging from 3.75% to 4.40% with a final maturity of December 1, 2006. The remaining \$519,995 was comprised of capital appreciation bonds with interest rates ranging from 4.65% to 9.3404% with annual maturities beginning on December 1, 2007 and ending on December 1, 2014. For fiscal year 2011, accretion on capital appreciation bonds amounted to \$55,889.

The annual requirements to amortize the School Building advance refunding bonds as of June 30, 2011, including interest are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	62,356	122,644	185,000
2013	58,523	126,477	185,000
2014	55,232	129,768	185,000
2015	52,075	132,924	184,999
Totals	<u>\$ 228,186</u>	<u>\$ 511,813</u>	<u>\$ 739,999</u>

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

The District's voted legal debt margin was \$4,833,568 with an unvoted debt margin was \$58,942 at June 30, 2011.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

NOTE 15 - ACCOUNTABILITY

Four deficit fund balances resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances, however, this is done when cash is needed rather than when accruals occur. At June 30, 2011, the following funds had deficit fund balances.

Management Information System	\$ 56
D.P.I.A.	6,618
Education Jobs Grant	33,391
Race to the Top	26,894
IDEA	132,190
Title I	33,522
Title VIR	5,668
Miscellaneous Federal Grants	824
	\$ 239,163

NOTE 16 – FUND BALANCES

Fund Balances	General Fund	IDEA Fund	Debt Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>					
Prepaid Items	\$ 48,571	\$ -	\$ -	\$ 3,514	\$ 52,085
<i>Total Nonspendable</i>	48,571	-	-	3,514	52,085
<i>Restricted for:</i>					
General Student Learning Skills	-	-	-	9,965	9,965
Educational Management Info System	-	-	-	1,889	1,889
Internet Connection	-	-	-	550	550
Gifted Students	-	-	-	228	228
Technology Improvements	-	-	-	172	172
Capital Maintenance	-	-	-	1,554	1,554
Principles	-	-	-	12,907	12,907
Athletics and Music	-	-	-	19,380	19,380
Debt Service Payments	-	-	163,671	-	163,671
Taxes Unappropriated	82,263	-	12,233	-	94,496
Other Purposes	-	101,632	-	3,551	105,183
<i>Total Restricted</i>	82,263	101,632	175,904	50,196	409,995
<i>Assigned to:</i>					
Other Purposes	6,121	-	-	-	6,121
<i>Total Restricted</i>	6,121	-	-	-	6,121
<i>Unassigned (Deficit)</i>	693,223	(132,190)	-	(106,973)	454,060
<i>Total Fund Balances</i>	\$ 830,178	\$ (30,558)	\$ 175,904	\$ (53,263)	\$ 922,261

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Western Ohio Computer Organization (WOCO)

The District is a participant in Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of Public School Districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member School Districts. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member schools School Districts within each county. Financial information can be obtained from Sonny Ivey, who serves as Director, at 129 E. Court Street, Sidney, Ohio 45365.

B. Ohio Hi-Point Joint Vocational School District (JVSD)

The Ohio Hi-Point Joint Vocational School District (JVSD) is a distinct political subdivision of the State of Ohio, which provides vocational education. The JVSD is operated under the direction of a Board consisting of one representative from each of the eleven participating School Districts' Board of Education. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

NOTE 18 - INSURANCE POOL

Hardin County School Employees' Health and Welfare Benefit Plan and Trust - The Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust) is a public entity shared risk pool consisting of six School Districts, the Hardin County Educational Service Center, and the Ada Public Library. The Trust is organized as a Voluntary Employee Benefit association under Section 501(c) (9) of the Internal Revenue Code and provides sick, accident, and other benefits to the employees of the participating School Districts. Each participating School District's superintendent is appointed to an Administrative Committee which advises the Trustee, The Sky Bank, concerning aspects of the administration of the Trust.

Each School District decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Rick Combs, who serves as Director, at P.O. Box 98, Dola, Ohio 45835-0098.

NOTE 19 - RELATED ORGANIZATION

Ridgemont Public Library - The Ridgemont Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District's Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Ridgemont Public Library, April Ealy, Clerk/Treasurer, at 124 East Taylor Street, Mt. Victory, Ohio 43340.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

NOTE 20 - ENCUMBRANCES

The District's encumbrance policy is for fiscal year end individual encumbrances exceeding \$75 to be considered significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund or as Restricted Fund Balance in the non-general funds.

Significant encumbrances as of June 30th were:

<u>Fund</u>	<u>Assigned</u>	<u>Restricted</u>	<u>Total</u>
Major Governmental Funds:			
General	\$ 6,121		\$ 6,121
IDEA		101,632	101,632
Non-major Governmental Funds:			
Public School Support		84	
National Machinery Grant		537	
Athletics and Music		341	
Title I		2,589	3,551
	<u>\$ 6,121</u>	<u>\$ 105,183</u>	<u>\$ 111,304</u>

NOTE 21 - CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2011.

B. Litigation

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

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in a change in total fund balance but only the classification of fund balance on the District's financial statements.

Ridgmont Local School District
Hardin County

Schedule of Federal Awards Receipts and Expenditures.
For the Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	\$ 24,365	\$ -	\$ 24,365	\$ -
National School Lunch Program	3L60	10.555	88,823	40,701	88,823	35,433
Total Nutrition Cluster			113,188	40,701	113,188	35,433
<i>Passed through National Future Farmers of America</i>						
Cooperative Extension Service	N/A	10.500	4,325	-	4,065	-
Total United States Department of Agriculture			117,513	40,701	117,253	35,433
United States Department of Education						
<i>Direct from United States Department of Education</i>						
Rural Education	3Y80	84.358	17,416	-	6,606	-
<i>Passed through Ohio Department of Education</i>						
Title I, Part A Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	228,734	-	185,350	-
ARRA, Title IA Grants to Local Educational Agencies, Recovery Act	3DK0	84.389	96,274	-	77,518	-
Total Title I, Part A Cluster			325,008	-	262,868	-
Special Education Cluster:						
ARRA - Special Education Grants to States, Recovery Act	3DJ0	84.391	26,554	-	-	-
Total Special Education Cluster			26,554	-	-	-
Safe and Drug-Free Schools and Communities State Grants	3D10	84.186	268	-	-	-
Education Technology State Grants	3S20	84.318	67	-	150	-
Improving Teacher Quality State Grants	3Y60	84.367	53,058	-	43,679	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	GRF	84.394	194,430	-	195,869	-
ARRA- Race to the Top	N/A	84.395	-	-	26,894	-
Education Jobs	N/A	84.410	-	-	32,859	-
Total United States Department of Education			616,801	-	568,925	-
Corporation for National and Community Service						
<i>Passed through Ohio Department of Education</i>						
Learn and Serve America School and Community Based Programs	3780	94.004	11,323	-	11,147	-
Total Federal Financial Assistance			\$ 745,637	\$ 40,701	\$ 697,325	\$ 35,433

See Notes to the Schedule of Federal Awards Receipts and Expenditures.

N/A - Pass through entity number was not provided.

Ridgemont Local School District
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B –FOOD DISTRIBUTIONS

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

Cash receipts from the U.S. Department of Agriculture are commingled with state grants and local revenues from the sale of meals. It is assumed federal monies are expended first.



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

Members of the Board
Ridgemont Local School District
330 West Taylor Street
Mount Victory, OH 43340

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ridgemont Local School District, Hardin County, Ohio (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 10, 2012, wherein we noted the District implemented GASB Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

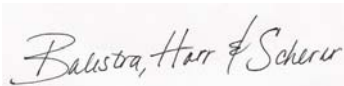
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider significant deficiencies in internal control over financial reporting. We consider findings 2011-001 and 2011-002 to be significant deficiencies. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of reasonably assuring whether the 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*.

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

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



Balestra, Harr & Scherer, CPAs, Inc.
February 10, 2012



Balestra, Harr & Scherer, CPAs, Inc.

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

Members of the Board
Ridgemont Local School District
330 West Taylor Street
Mount Victory, OH 43340

Compliance

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

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

In our opinion, the Ridgemont Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

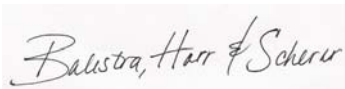
Internal Control Over Compliance

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

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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 management, the Board Members, federal awarding agencies, pass-through entities and others within the District. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
February 10, 2012

Ridgemoat Local School District
Schedule of Findings
OMB CIRCULAR A-133 SECTION .505
June 30, 2011

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Program(s) (list):	Title I Part A Cluster, Title I Grants to Local Educational Agencies CFDA #84.010, ARRA, Title IA Grants to Local Educational Agencies, Recovery Act CFDA #84.389; ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding 2011-001

Significant Deficiency – Audit Adjustment

Misstatements to the issued financial statements was identified by the Auditor which should have been prevented or detected by the School District's internal controls over financial reporting. The material misstatements were identified in the following area:

- Capital Assets, Net of Related Debt
- Property Tax Receivable/Deferred Revenue

The accompanying financial statements were adjusted to reflect correction of two misstatements. The School District should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Client's Response:

The School District has taken actions to correct the misstatements, and will implement better monitoring controls to prevent future errors.

Finding 2011-002

Significant Deficiency – Failure to Identify a Major Fund

Failure to identify as a major fund, a fund included in the aggregate Other Government Funds of the issued financial statements was identified by the Auditor which should have been prevented or detected by the School District's internal controls over financial reporting. The fund which should have been identified as a major fund:

- IDEA Fund

The accompanying financial statements were adjusted to identify the IDEA Fund as a major fund. The School District should implement application and monitoring controls over financial reporting to ensure that all funds deemed as major funds should be identified and properly reflected in the financial statements.

Client's Response:

The School District has taken actions to correct the misstatements, and will implement better monitoring controls to prevent future errors.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Ridgemont Local School District
 Schedule of Prior Audit Findings
 OMB CIRCULAR A-133 SECTION .315(b)
 June 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-001	Noncompliance – Reporting Failure to submit the data collection form and reporting package within the time frame for fiscal year 2009.	Yes	



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Independent Auditor's Report on Applying Agreed Upon Procedures

Ridgemont Local School District
Hardin County
330 West Taylor Street
Mount Victory, Ohio 43340

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 25, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Balestra, Harr & Scherer, CPAs, Inc.

February 10, 2012



Dave Yost • Auditor of State

RIDGEMONT LOCAL SCHOOL DISTRICT

HARDIN 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
JUNE 5, 2012**