



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

SINGLE AUDIT

For the Year Ended June 30, 2012
Fiscal Year Audited Under GAGAS: 2012



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, 2011 through June 30, 2012. 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

January 31, 2013

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

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgemont Local School District, Hardin County, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ridgemont Local School District, Hardin County, Ohio, as of June 30, 2012, and the respective changes in cash financial position, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended June 30, 2012, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No.34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities, fund balances, financial activities of the General Fund and long-term debt. The Schedule of Federal Awards Receipts and Expenditures (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However, these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were 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. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

As described in Note 3, during 2012 the District adopted Governmental Accounting Standards Board Statements No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans and No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No.53.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
November 26, 2012

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The management's discussion and analysis of the Ridgemont Local School District's (the "District") financial performance provides an overall review of the District's cash basis financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- At June 30, 2011, the District restated net cash assets as described in Note 3.B to the basic financial statements. In total, net cash assets of governmental activities increased \$227,790, which represents a 19.05% increase from fiscal year 2011.
- General cash receipts accounted for \$4,724,228 in cash receipts or 74.72% of all cash receipts. Program specific cash receipts in the form of charges for services and sales and grants and contributions accounted for \$1,598,202 or 25.28% of total cash receipts of \$6,322,430.
- The District had \$6,094,640 in cash disbursements related to governmental activities; \$1,598,202 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$4,724,228 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The District restated fund cash balances at June 30, 2011 as described in Note 3.B to the basic financial statements. The general fund had \$5,518,642 in cash receipts and other financing sources and \$5,250,869 in cash disbursements and other financing uses. During fiscal year 2012, the general fund's fund cash balance increased \$267,773 from \$855,312 to \$1,123,085.
- The bond retirement fund had \$187,213 in cash receipts and \$189,051 in cash disbursements. During fiscal year 2012, the bond retirement fund's fund cash balance decreased \$1,838 from \$163,671 to \$161,833.

Using the Cash Basis Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets – cash basis and the statement of activities – cash basis answer the question, “How did the District do financially during fiscal year 2012?” These statements include only net assets using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services and not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

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

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

Reporting the District’s Most Significant Funds

Fund Financial Statements

The analysis of the District’s major governmental funds begins on page 10. Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’ most significant funds. The District’s major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District’s operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. The relationship (or differences) between governmental activities (reported in the statement of net assets – cash basis and statement of activities – cash basis) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-17 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets – cash basis and changes in fiduciary net assets – cash basis on pages 18-19. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 20-41 of this report.

The District as a Whole

The table below provides a summary of the District's net cash assets at June 30, 2012 and June 30, 2011, as restated in Note 3.B to the basic financial statements.

	Net Cash Assets	
	Governmental Activities 2012	Restated Governmental Activities 2011
	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets	\$ 1,423,491	\$ 1,195,701
<u>Net Cash Assets</u>		
Restricted	300,406	340,389
Unrestricted	<u>1,123,085</u>	<u>855,312</u>
Total net cash assets	<u>\$ 1,423,491</u>	<u>\$ 1,195,701</u>

Total net cash assets of the District increased \$227,790, which represents a 19.1% increase from restated net cash assets at June 30, 2011. A portion of the District's net cash assets, \$300,406, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash assets of \$1,123,085 may be used to meet the District's ongoing obligations to the students and creditors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The table below shows the change in net cash assets for fiscal years 2012 and 2011, as restated in Note 3.B to the basic financial statements.

Change in Net Cash Assets

	Governmental Activities <u>2012</u>	Restated Governmental Activities <u>2011</u>
<u>Cash receipts:</u>		
Program cash receipts:		
Charges for services and sales	\$ 821,184	\$ 855,068
Operating grants and contributions	777,018	964,469
General cash receipts:		
Property taxes	1,356,001	1,181,592
Income taxes	839,092	523,398
Grants and entitlements	2,469,952	2,342,771
Investment earnings	2,731	2,977
Other	<u>56,452</u>	<u>40,438</u>
Total cash receipts	<u>6,322,430</u>	<u>5,910,713</u>

-Continued

During fiscal year 2012, property taxes and income taxes increased due to an increase in amount of taxes collected. Operating grants and contributions decreased mainly due to the decrease in federal grant monies received during the fiscal year. Grant and entitlements increased due to an increase in the amount of state foundation received.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Change in Net Cash Assets (Continued)

	Governmental Activities <u>2012</u>	Restated Governmental Activities <u>2011</u>
<u>Cash disbursements:</u>		
Current:		
Instruction:		
Regular	\$ 2,436,039	\$ 2,508,103
Special	537,968	390,924
Vocational	169,798	186,333
Other	63,095	27,418
Support services:		
Pupil	179,694	90,362
Instructional staff	180,631	205,803
Board of education	27,163	30,057
Administration	666,903	636,854
Fiscal	247,565	213,044
Operations and maintenance	455,899	458,118
Pupil transportation	435,375	321,780
Central	57,938	53,743
Operation of non-instructional services:		
Other non-instructional services	1,684	2,110
Food service operations	259,260	255,395
Extracurricular activities	190,227	193,511
Facilities acquisition and construction	401	255
Debt service:		
Principal retirement	62,356	66,310
Interest and fiscal charges	<u>122,644</u>	<u>118,690</u>
Total cash disbursements	<u>6,094,640</u>	<u>5,758,810</u>
Change in net cash assets	227,790	151,903
Net cash assets at beginning of year (restated)	<u>1,195,701</u>	<u>1,043,798</u>
Net cash assets at end of year	<u>\$ 1,423,491</u>	<u>\$ 1,195,701</u>

Governmental Activities

Net cash assets of the District's governmental activities increased \$227,790. Total governmental cash disbursements of \$6,094,640 were offset by program cash receipts of \$1,598,202 and general cash receipts of \$4,724,228. Program cash receipts supported 26.22% of the total governmental cash disbursements.

The primary sources of cash receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These cash receipt sources represent 73.79% of total governmental cash receipts.

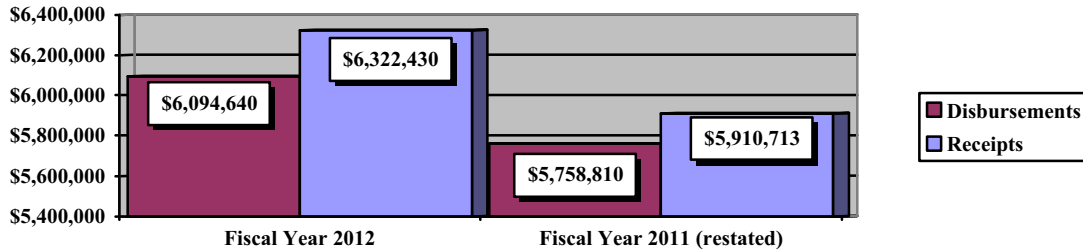
The largest cash disbursement category of the District is for instructional programs. Instruction cash disbursements totaled \$3,206,900 or 52.62% of total governmental cash disbursements for fiscal year 2012.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The graph below presents the District's governmental activities cash receipts and cash disbursements for fiscal years 2012 and 2011, as restated in Note 3.B to the basic financial statements.

Governmental Activities - Cash Receipts and Cash Disbursements



The statement of activities – cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2012 and 2011, as restated in Note 3.B to the basic financial statements. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Restated Total Cost of Services 2011	Restated Net Cost of Services 2011
Cash disbursements:				
Instruction:				
Regular	\$ 2,436,039	\$ 1,784,133	\$ 2,508,103	\$ 1,657,558
Special	537,968	185,280	390,924	(78,872)
Vocational	169,798	131,610	186,333	132,285
Other	63,095	(12,446)	27,418	9,872
Support services:				
Pupil	179,694	142,242	90,362	84,231
Instructional staff	180,631	102,434	205,803	189,143
Board of education	27,163	27,163	30,057	28,836
Administration	666,903	666,903	636,854	631,854
Fiscal	247,565	247,565	213,044	205,103
Operations and maintenance	455,899	455,864	458,118	458,118
Pupil transportation	435,375	426,620	321,780	311,340
Central	57,938	57,938	53,743	3,061
Operation of non-instructional services:				
Other non-instructional services	1,684	893	2,110	1,365
Food service operations	259,260	12,495	255,395	8,506
Extracurricular activities	190,227	82,343	193,511	111,618
Facilities acquisition and construction	401	401	255	255
Debt service:				
Principal retirement	62,356	62,356	66,310	66,310
Interest and fiscal charges	122,644	122,644	118,690	118,690
Total	<u>\$ 6,094,640</u>	<u>\$ 4,496,438</u>	<u>\$ 5,758,810</u>	<u>\$ 3,939,273</u>

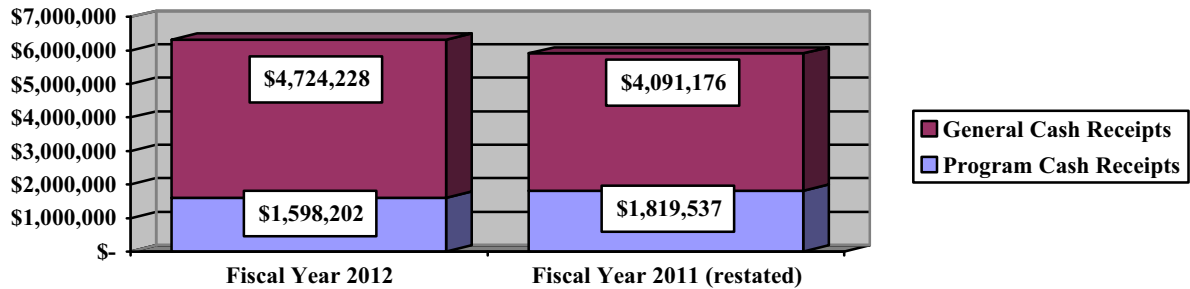
**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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The dependence upon tax and other general cash receipts for governmental activities is apparent, 65.13% of instructional activities are supported through taxes and other general cash receipts. For all governmental activities, general cash receipt support is 73.78%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for the District's students.

The graph below presents the District's governmental activities cash receipts for fiscal years 2012 and 2011, as restated in Note 3.B to the basic financial statements.

Governmental Activities - General and Program Cash Receipts



The District's Funds

The District's governmental funds reported a combined fund cash balance of \$1,423,491, which is higher than last year's total restated fund cash balance of \$1,195,701 (as described in Note 3.B). The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2012 and June 30, 2011.

	Fund Cash Balance <u>June 30, 2012</u>	Restated Fund Cash Balance <u>June 30, 2011</u>	Increase (decrease)	Percentage Change
General	\$ 1,123,085	\$ 855,312	\$ 267,773	31.31 %
Bond retirement	161,833	163,671	(1,838)	(1.12) %
Other governmental	<u>138,573</u>	<u>176,718</u>	<u>(38,145)</u>	(21.59) %
Total	<u>\$ 1,423,491</u>	<u>\$ 1,195,701</u>	<u>\$ 227,790</u>	19.05 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

General Fund

The District's general fund cash balance increased \$267,773.

The table that follows assists in illustrating the financial activities and fund cash balance of the general fund, as restated in Note 3.B to the basic financial statements.

	2012 <u>Amount</u>	Restated 2011 <u>Amount</u>	Increase/ (Decrease)	Percentage Change
<u>Cash receipts</u>				
Taxes	\$ 2,032,238	\$ 1,545,705	\$ 486,533	31.48 %
Tuition	586,966	638,246	(51,280)	(8.03) %
Earnings on investments	2,731	2,977	(246)	(8.26) %
Intergovernmental	2,618,577	2,494,983	123,594	4.95 %
Other receipts	<u>108,668</u>	<u>90,743</u>	<u>17,925</u>	19.75 %
Total	<u>\$ 5,349,180</u>	<u>\$ 4,772,654</u>	<u>\$ 576,526</u>	12.08 %
<u>Cash disbursements</u>				
Instruction	\$ 2,716,568	\$ 2,596,916	\$ 119,652	4.61 %
Support services	2,082,792	1,887,394	195,398	10.35 %
Non-instructional services	1,184	1,293	(109)	(8.43) %
Extracurricular activities	145,803	151,163	(5,360)	(3.55) %
Facilities acquisition and construction	<u>401</u>	<u>255</u>	<u>146</u>	57.25 %
Total	<u>\$ 4,946,748</u>	<u>\$ 4,637,021</u>	<u>\$ 309,727</u>	6.68 %

Overall cash receipts increased \$576,526 or 12.08% during fiscal year 2012. Taxes increased \$486,533 or 31.48% due to increased collections. Intergovernmental revenue increased \$123,594 or 4.95% due to an increase in the amount of state foundation received during the fiscal year. Earnings on investments decreased \$246 or 8.26% due to continually declining interest rates.

Overall cash disbursements increased \$309,727 or 6.68% during fiscal year 2012. The increase in instruction and support services is due to increase costs related to personnel.

Bond Retirement Fund

The bond retirement fund had \$187,213 in cash receipts and \$189,051 in cash disbursements. During fiscal year 2012, the bond retirement fund's fund cash balance decreased \$1,838 from \$163,671 to \$161,833.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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General Fund Budgeting Highlights

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

For the general fund, final budgetary basis receipts and other financing sources of \$5,471,495 were \$383,327 more than original budget estimates of \$5,088,168. The actual budgetary basis receipts and other financing sources of \$5,471,495 were the same as the final budget estimates. The final budgetary basis disbursements and other financing uses of \$5,604,606 were \$588,999 more than original budget estimates of \$5,015,607. The actual budgetary basis disbursements and other financing uses of \$5,247,033 were \$357,573 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as cash disbursements. The District had facilities acquisition and construction cash disbursements of \$401 during fiscal year 2012.

Debt Administration

At June 30, 2012, the District had \$165,830 in series 1998 capital appreciation bonds and \$328,857 in accreted interest. Of this total, \$177,751 is due within one year and \$316,936 is due in more than one year. The following table summarizes the debt outstanding.

	Outstanding Debt, Year End	
	Governmental Activities	Governmental Activities
	<u>2012</u>	<u>2011</u>
Refunding bonds - series 1998		
Capital appreciation bonds	\$ 165,830	\$ 228,186
Accreted interest	<u>328,857</u>	<u>406,670</u>
Total	<u>\$ 494,687</u>	<u>\$ 634,856</u>

At June 30, 2012, the District's overall legal debt margin was \$6,272,562 and an unvoted debt margin of \$69,740. See Note 8 to the basic financial statements for detail on the District's debt administration.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Current Financial Related Activities

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.

The electors of the District approved the issuance of bonds in the amount of \$6,975,000 at the election held on March 6, 2012. The bonds are unlimited tax general obligation bonds issued for the purpose of constructing a new PK-12 school building under the Classroom Facilities Assistance Program of the Ohio School Facilities Commission and locally funded initiatives.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Fred Reinemeyer, Treasurer, Ridgemont Local Schools, 162 E. Hale Street, PO Box 86, Ridgeway, Ohio 43345.

BASIC
FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2012

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,423,491
 Total assets	 \$ 1,423,491
 Net Cash Assets:	
Restricted for:	
Debt service	161,833
Locally funded programs	31,969
State funded programs.	2,087
Federally funded programs	42,918
Student activities	41,658
Other purposes	19,941
Unrestricted	1,123,085
 Total net cash assets	 \$ 1,423,491

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Cash Assets
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 2,436,039	\$ 596,902	\$ 55,004	\$ (1,784,133)
Special	537,968	-	352,688	(185,280)
Vocational	169,798	-	38,188	(131,610)
Other	63,095	-	75,541	12,446
Support services:				
Pupil	179,694	-	37,452	(142,242)
Instructional staff	180,631	-	78,197	(102,434)
Board of education	27,163	-	-	(27,163)
Administration	666,903	-	-	(666,903)
Fiscal	247,565	-	-	(247,565)
Operations and maintenance	455,899	35	-	(455,864)
Pupil transportation	435,375	-	8,755	(426,620)
Central	57,938	-	-	(57,938)
Operation of non-instructional services:				
Other non-instructional services	1,684	-	791	(893)
Food service operations	259,260	119,100	127,665	(12,495)
Extracurricular activities	190,227	105,147	2,737	(82,343)
Facilities acquisition and construction	401	-	-	(401)
Debt service:				
Principal retirement	62,356	-	-	(62,356)
Interest and fiscal charges	122,644	-	-	(122,644)
Totals	\$ 6,094,640	821,184	777,018	(4,496,438)
 General Cash Receipts:				
Property taxes levied for:				
General purposes				1,193,146
Debt service				162,855
Income taxes levied for:				
General purposes				839,092
Grants and entitlements not restricted to specific programs				
Investment earnings				2,731
Miscellaneous				56,452
Total general cash receipts				4,724,228
Change in net cash assets				227,790
Net cash assets at beginning of year (restated)				1,195,701
Net cash assets at end of year				\$ 1,423,491

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,123,085	\$ 161,833	\$ 138,573	\$ 1,423,491
Total assets	\$ 1,123,085	\$ 161,833	\$ 138,573	\$ 1,423,491
Fund cash balances:				
Nonspendable:				
Unclaimed monies	\$ 17,119	\$ -	\$ -	\$ 17,119
Restricted:				
Debt service	-	161,833	-	161,833
Food service operations	-	-	18,984	18,984
Special education	-	-	2,434	2,434
Targeted academic assistance	-	-	4,225	4,225
Other purposes.	-	-	71,272	71,272
Extracurricular activities.	-	-	41,658	41,658
Assigned:				
Student instruction	9,236	-	-	9,236
Student and staff support	27,156	-	-	27,156
Facilities acquisition and construction	19,910	-	-	19,910
Unassigned	1,049,664	-	-	1,049,664
Total fund cash balances.	\$ 1,123,085	\$ 161,833	\$ 138,573	\$ 1,423,491

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:				
From local sources:				
Property taxes	\$ 1,193,146	\$ 162,855	\$ -	\$ 1,356,001
Income taxes	839,092	-	-	839,092
Tuition	586,966	-	-	586,966
Earnings on investments	2,731	-	-	2,731
Charges for services	-	-	119,100	119,100
Extracurricular	42,245	-	62,902	105,147
Classroom materials and fees	9,936	-	-	9,936
Rental income	35	-	-	35
Contributions and donations	150	-	2,553	2,703
Other local revenues	56,302	-	306	56,608
Intergovernmental - intermediate	-	-	73,883	73,883
Intergovernmental - state	2,618,577	24,358	5,783	2,648,718
Intergovernmental - federal	-	-	521,510	521,510
Total receipts	<u>5,349,180</u>	<u>187,213</u>	<u>786,037</u>	<u>6,322,430</u>
Cash disbursements:				
Current:				
Instruction:				
Regular	2,303,943	-	132,096	2,436,039
Special	228,470	-	309,498	537,968
Vocational	168,718	-	1,080	169,798
Other	15,437	-	47,658	63,095
Support services:				
Pupil	101,546	-	78,148	179,694
Instructional staff	114,491	-	66,140	180,631
Board of education	27,163	-	-	27,163
Administration	646,826	40	20,037	666,903
Fiscal	243,554	4,011	-	247,565
Operations and maintenance	455,899	-	-	455,899
Pupil transportation	435,375	-	-	435,375
Central	57,938	-	-	57,938
Operation of non-instructional services:				
Operation of non-instructional	1,184	-	500	1,684
Food service operations	-	-	259,260	259,260
Extracurricular activities	145,803	-	44,424	190,227
Facilities acquisition and construction	401	-	-	401
Debt service:				
Principal retirement	-	62,356	-	62,356
Interest and fiscal charges	-	122,644	-	122,644
Total disbursements	<u>4,946,748</u>	<u>189,051</u>	<u>958,841</u>	<u>6,094,640</u>
Excess (deficiency) of receipts over (under) disbursements	<u>402,432</u>	<u>(1,838)</u>	<u>(172,804)</u>	<u>227,790</u>
Other financing sources (uses):				
Transfers in	-	-	30,000	30,000
Transfers (out)	(30,000)	-	-	(30,000)
Advances in	169,462	-	274,121	443,583
Advances (out)	(274,121)	-	(169,462)	(443,583)
Total other financing sources (uses)	<u>(134,659)</u>	<u>-</u>	<u>134,659</u>	<u>-</u>
Net change in fund balances	267,773	(1,838)	(38,145)	227,790
Fund cash balances at beginning of year (restated)				
	855,312	163,671	176,718	1,195,701
Fund cash balances at end of year	<u>\$ 1,123,085</u>	<u>\$ 161,833</u>	<u>\$ 138,573</u>	<u>\$ 1,423,491</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
From local sources:				
Property taxes	\$ 1,106,810	\$ 1,193,146	\$ 1,193,146	\$ -
Income taxes	778,376	839,092	839,092	-
Tuition	544,494	586,966	586,966	-
Earnings on investments	2,533	2,731	2,731	-
Classroom materials and fees	2,903	3,129	3,129	-
Rental income	32	35	35	-
Contributions and donations	139	150	150	-
Other local revenues	49,837	53,724	53,724	-
Intergovernmental - state	2,429,099	2,618,577	2,618,577	-
Total receipts	4,914,223	5,297,550	5,297,550	-
Budgetary basis disbursements:				
Current:				
Instruction:				
Regular	2,293,855	2,408,304	2,304,352	103,952
Special	217,273	244,073	228,470	15,603
Vocational	171,381	183,931	170,737	13,194
Other	16,000	16,000	15,035	965
Support services:				
Pupil	117,714	117,714	101,765	15,949
Instructional staff	138,180	120,380	114,491	5,889
Board of education	32,865	32,905	27,643	5,262
Administration	690,510	695,970	646,847	49,123
Fiscal	253,275	260,375	245,248	15,127
Operations and maintenance	507,747	528,547	459,123	69,424
Pupil transportation	368,019	475,319	438,311	37,008
Central	62,780	62,780	57,938	4,842
Operation of non-instructional services	3,000	3,000	1,184	1,816
Extracurricular activities	107,508	122,808	109,150	13,658
Facilities acquisition and construction	500	20,500	20,311	189
Total disbursements	4,980,607	5,292,606	4,940,605	352,001
Excess (deficiency) of receipts over (under) disbursements	(66,384)	4,944	356,945	352,001
Other financing sources (uses):				
Refund of prior year's expenditures	2,578	2,578	2,578	-
Transfers (out)	(35,000)	(35,000)	(30,000)	5,000
Advances in	171,367	171,367	171,367	-
Advances (out)	-	(277,000)	(276,428)	572
Total other financing sources (uses)	138,945	(138,055)	(132,483)	5,572
Net change in fund cash balance	72,561	(133,111)	224,462	357,573
Fund cash balance at beginning of year	802,595	802,595	802,595	-
Prior year encumbrances appropriated	22,607	22,607	22,607	-
Fund cash balance at end of year	\$ 897,763	\$ 692,091	\$ 1,049,664	\$ 357,573

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents.	\$ 5,034	\$ 41,668
Total assets	<u>5,034</u>	<u>\$ 41,668</u>
Net Assets:		
Held in trust for scholarships	<u>5,034</u>	
Total net cash assets.	<u>\$ 5,034</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	\$ 4,226
Total additions	4,226
Deductions:	
Scholarships awarded	3,070
Change in net assets	1,156
Net cash assets at beginning of year (restated)	3,878
Net cash assets at end of year	\$ 5,034

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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 527. The District employed 38 certificated employees and 24 non-certificated employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.D, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the District's accounting policies.

A. 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 following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization

The District is a participant in the 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. WOCO 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 districts. Each of the governments of these districts supports WOCO, based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the District does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

The superintendent of each member district is seated in the assembly, which elects a Board of Directors for the Consortium, and approves major items proposed by the Board of Directors, such as the annual budget, fees schedule, and new cooperative ventures. The Board of Directors is comprised of 14 members, including two superintendents from member districts in each county and the superintendent of the entity serving as its fiscal agent (currently the Shelby County Educational Service Center). Financial information can be obtained from Don Walls, Director, at 129 East Court Street, Sidney, Ohio 45265.

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio. The JVS is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. Financial information is available from Eric Adelsberger, Treasurer, of the Ohio Hi-Point Joint Vocational School District, 2280 State Route 540, Suite A, Bellefontaine, Ohio 43311.

INSURANCE POOL

Hardin County School Employees' Health 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 and the District. 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 of the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each school district and the 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 may be obtained from Rick Combs, who services as Director, 9525 T.R. 50, Dola, Ohio, 45835.

RELATED ORGANIZATION

Ridgemont Public Library

The Ridgemont Public Library (the "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 possessed 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 may be obtained from the Ridgemont Public Library, April Ealy, Clerk/Treasurer, at 124 East Taylor Street, Mt. Victory, Ohio, 43340.

B. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

All assets and net cash assets associated with the operation of the District are included on the statement of net assets.

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

C. 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. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

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

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.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

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. 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.

D. Basis of Accounting

Although Ohio Administrative Code § 117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

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
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 financial statements. During year 2012, 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 2012. 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, 2012.

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 2012 amounted to only \$2,731, which includes \$769 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. Inventory and Prepaid Items

The District reports cash disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

I. Interfund Balances

On fund financial statements, the District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying fund financial statements under the cash basis of accounting. Advances are eliminated in the governmental activities column on the statement of net assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave. Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

K. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal and interest payments.

L. Fund Cash Balance

Fund cash 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 cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

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

Committed - The committed fund cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund cash 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 cash balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund cash 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, 2012

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

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund cash balance is available. Similarly, within unrestricted fund cash 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 cash balance classifications could be used.

M. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District did not have any restricted assets at June 30, 2012.

N. Net Cash Assets

Net cash assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net cash assets restricted for other purposes include amounts restricted for food service operations. The District did not have any net cash assets restricted by enabling legislation at June 30, 2012.

O. Interfund Activity

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

B. Change in Basis of Accounting and Fund Reclassifications

Ohio Administrative Code, Section 117-2-03(B), requires that the District prepare its annual financial report in accordance with generally accepted accounting principles. For the fiscal year ending June 30, 2012, the District changed from a basis of accounting that follows generally accepted accounting principles (GAAP-basis) to the cash basis of accounting (See Note 2.D), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The District has elected to present the cash basis financial statements in a format consistent with GASB Statement No. 34. Fund balances and net assets at June 30, 2011 have been restated to account for the change in accounting principle, which effectively eliminated balance sheet accruals and long-term assets and liabilities.

A fund reclassification was made to report the food service fund as a nonmajor special revenue fund rather than an enterprise fund. The fees received by this fund are not designed to cover all costs associated with the operation of the food service program. The fund is largely supported by intergovernmental grants and entitlements and should be reported as a special revenue governmental fund rather than an enterprise fund. In addition, fund reclassifications are required in order to report the public school support fund and unclaimed monies fund as a component of the general fund, rather than as a special revenue fund and private purpose trust fund, respectively, in accordance with GASB Statement No. 54.

The transition from a GAAP-basis to the cash basis of accounting had the following effect on fund balances at June 30, 2011:

	Governmental Funds			
	General	Bond Retirement	Nonmajor Governmental	Total Governmental
Fund balance at June 30, 2011	\$ 830,178	\$ 175,904	\$ (83,821)	\$ 922,261
Restatement due to:				
Change in reporting basis	(4,976)	(12,233)	252,051	234,842
Fund reclassifications	30,110	-	8,488	38,598
Restated fund cash				
balance at June 30, 2011	<u>\$ 855,312</u>	<u>\$ 163,671</u>	<u>\$ 176,718</u>	<u>\$ 1,195,701</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The transition from a GAAP-basis to the cash basis of accounting had the following effect on net assets at June 30, 2011:

	Governmental Activities	Business-Type Activities	Private-Purpose Trust
Net assets at June 30, 2011	\$ 2,676,654	\$ 24,549	\$ 20,997
Restatement due to:			
Change in reporting basis	(1,519,551)	(3,070)	-
Fund reclassifications	38,598	(21,479)	(17,119)
Restated net cash			
assets at June 30, 2011	\$ 1,195,701	\$ -	\$ 3,878

C. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year end, the District had \$114 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2012, the carrying amount of all District deposits was \$38,190. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2012, \$253,665 of the District’s bank balance of \$396,578 was covered by the FDIC, while \$142,913 was exposed to custodial risk as discussed below.

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

C. Investments

As of June 30, 2012, the District had the following investment and maturity:

Investment	Fair Value	Maturity 6 months or less
STAR Ohio	\$ 1,431,889	\$ 1,431,889

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. 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 the date of purchase, unless matched to an specific obligation or debt of the District, and that investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not address credit risk beyond the requirements of State statutes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2012:

Investment type	Fair Value	% to Total
STAR Ohio	\$ 1,431,889	100.00

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

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net assets as of June 30, 2012:

Cash and investments per note disclosure

Carrying amount of deposits	\$ 38,190
Investments	1,431,889
Cash on hand	114
Total	\$ 1,470,193

Cash and investments per statement of net assets

Governmental activities	\$ 1,423,491
Private-purpose trust	5,034
Agency fund	41,668
Total	\$ 1,470,193

NOTE 5 - INTERFUND TRANSACTIONS

- A. Advances for the fiscal year ended June 30, 2012, as reported on the fund statements, consist of the following:

<u>Advances in</u>	<u>Advances out</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 169,462
Nonmajor governmental funds	General fund	274,121
		\$ 443,583

The advances reported on the fund statements are return payments for advances that originated prior to fiscal year 2012 and for advances that were made during fiscal year 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The primary purpose of the advances is to cover costs in specific funds where expected funds were not received by June 30. New advances are expected to be repaid once the anticipated funds are received.

Interfund advances between governmental funds are eliminated on the government-wide financial statements; therefore, no advances are reported on the statements of activities.

- B.** Transfers for the fiscal year ended June 30, 2012, as reported on the fund statements, consist of the following:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Nonmajor governmental funds	General	<u>\$ 30,000</u>

Transfers are used to move cash receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them and to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property located in the District. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Hardin 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 County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 55,404,470	94.00	\$ 65,842,310	95.73
Public utility personal	<u>3,537,230</u>	<u>6.00</u>	<u>3,897,230</u>	<u>4.27</u>
Total	<u>\$ 58,941,700</u>	<u>100.00</u>	<u>\$ 69,739,540</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 34.20		\$ 33.60	

NOTE 7 – INCOME TAX

The School District levies a voted tax of one and three-fourth percent for general operations on the income of residents and of estates. One percent (1%) of the District's income tax is a permanent tax and does not have an expiration date. The voters approved a 3/4 % increase for five years in the school district income tax rate effective January 1, 2011 through December 31, 2015. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 8 - LONG-TERM OBLIGATIONS

A. During fiscal year 2012, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/12</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
Refunding bonds - Series 1998					
Capital appreciation bonds	\$ 228,186	\$ -	\$ (62,356)	\$ 165,830	\$ 58,523
Accreted interest	<u>406,670</u>	<u>44,831</u>	<u>(122,644)</u>	<u>328,857</u>	<u>119,228</u>
Total long-term obligations	<u>\$ 634,856</u>	<u>\$ 44,831</u>	<u>\$ (185,000)</u>	<u>\$ 494,687</u>	<u>\$ 177,751</u>

School Improvement Refunding Bonds - Series 1998: 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 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. Accreted interest totaled \$328,857 as of June 30, 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

B. Principal and interest requirements to retire debt outstanding at year end are as follows:

Fiscal Year Year Ending June 30,	Capital Appreciation Refunding Bonds - Series 1998		
	Principal	Interest	Total
2013	\$ 58,523	\$ 126,477	\$ 185,000
2014	55,232	129,768	185,000
2015	52,075	132,925	185,000
Total	<u>\$ 165,830</u>	<u>\$ 389,170</u>	<u>\$ 555,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$6,272,562 (including available funds of \$161,833) and an unvoted debt margin of \$69,740.

NOTE 9 - RISK MANAGEMENT

A. Employee Life, Death, Medical/Surgical, Dental and Vision

The Center provides life, accidental death and dismemberment, medical/surgical, dental, and vision insurance to most employees through Hardin County School Employees' Health and Welfare Benefit Plan and Trust (see Note 2.A for detail). Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies by employee depending on the terms of the union contract.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9 - RISK MANAGEMENT - (Continued)

B. 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 2012, 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	\$ 250
Buildings and Contents	17,824,635		1,000
Violence	1,000,000	General Aggregate	
Blanket Bond	10,000	Per Individual	

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the District has no significantly reduced coverage in the past year.

C. Workers' Compensation

The District pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

NOTE 10 - PENSION PLANS

A. School Employees Retirement System

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$86,216, \$131,522 and \$83,647, respectively; 58.42 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 10 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$265,328, \$306,483 and \$317,622, respectively; 82.85 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$5,713 made by the District and \$4,080 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

**RIDGEMONT LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$13,940, \$22,905 and \$67,393, respectively; 58.42 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$5,092, \$7,354 and \$6,725, respectively; 58.42 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$20,410, \$23,576 and \$24,432, respectively; 82.85 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

NOTE 12 - OTHER EMPLOYEE BENEFITS

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the cash basis, 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 cash receipts, disbursements and change in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a cash disbursement, as opposed to assigned or committed fund cash balance for that portion of outstanding encumbrances (cash basis); and,
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Cash Balance

	<u>General fund</u>
Budget basis	\$ 224,462
Funds budgeted elsewhere	5,592
Adjustment for encumbrances	37,719
Cash basis	<u>\$ 267,773</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a cash basis. This includes the unclaimed monies fund, the uniform school supplies fund and the public school fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 14 - CONTINGENCIES

A. Grants & ADM

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

The District is not party to legal proceedings that would have a material effect, if any, on the financial condition of the District.

NOTE 15 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund cash receipt amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Disbursements and offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	98,612
Current year qualifying disbursements	<u>(106,774)</u>
Total	<u>\$ (8,162)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 16 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year - End Encumbrances</u>
General	\$ 49,805
Other governmental	<u>25,848</u>
Total	<u>\$ 75,653</u>

NOTE 17 - SUBSEQUENT EVENT

On July 31, 2012 the District issued School Facilities Construction and Improvement Bonds, Series 2012, in the amount of \$6,974,538 in conjunction with the Ohio School Facilities Commission (OSFC) project. The refunding issue is comprised of current interest serial bonds, par value \$610,000, capital appreciation bonds par value \$114,538, and current interest term bonds, par value \$6,250,000. The interest rates on the bonds range from 1.40% - 4.00% and the bonds mature on December 1, 2050.

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

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 31,028	\$ -	\$ 31,028	\$ -
National School Lunch Program	3L60	10.555	94,454	14,824	94,454	14,824
Total Nutrition Cluster			125,482	14,824	125,482	14,824
<i>Passed through National Future Farmers of America</i>						
Cooperative Extension Service	N/A	10.500	3,450	-	2,836	-
Total United States Department of Agriculture			128,932	14,824	128,318	14,824
United States Department of Education						
<i>Direct from the Federal Government</i>						
Rural Education	Direct	84.358	20,761	-	8,024	-
<i>Passed through Ohio Department of Education</i>						
Title I, Part A Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	152,238	-	148,615	-
ARRA - Title I Grants to Local Educational Agencies	3DK0	84.389	11,500	-	30,256	-
Total Title I, Part A Cluster			163,738	-	178,871	-
Special Education Cluster:						
Special Education Grants to States	3M20	84.027	-	-	110,435	-
ARRA - Special Education Grants to States	3DJ0	84.391	101,632	-	101,632	-
Total Special Education Cluster			101,632	-	212,067	-
Education Technology State Grants	3S20	84.318	678	-	3,550	-
Improving Teacher Quality State Grants	3Y60	84.367	-	-	31,940	-
ARRA - State Fiscal Stabilization Fund (SFSF) Race-to-the-Top Incentive Grants	3FD0	84.395	63,046	-	34,814	-
Education Jobs Fund	3ET0	84.410	32,859	-	102,076	-
Total United States Department of Education			382,714	-	571,342	-
Department of Health and Human Services						
<i>Passed through the Centers for Disease Control and Prevention (CDC)</i>						
<i>Further passed through the Ohio Department of Education</i>						
Maternal and Child Health Federal Consolidated Programs	3AX0	93.110	9,865	-	9,865	-
Corporation for National and Community Service						
<i>Passed through Ohio Department of Education</i>						
<i>Further passed through Cleveland State University</i>						
Learn and Serve America School and Community Based Programs	N/A	94.004	-	-	176	-
Total Federal Financial Assistance			\$ 521,511	\$ 14,824	\$ 709,701	\$ 14,824

See Notes to the Schedule of Federal Awards Receipts and Expenditures.
N/A- Pass through number not available

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

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the School 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 non-monetary assistance (expenditures) is reported in the Schedule at the fair value.

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



Balestra, Harr & Scherer, CPAs, Inc.

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

We have audited the financial statements of the governmental 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 26, 2012, wherein we noted the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, the District follows a comprehensive accounting basis other than generally accepted accounting principles and the District implemented GASB Statements No. 57 and 64. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2012-001.

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

We intend this report solely for the information and use of management, the Board of Education, 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
Balestra, Harr & Scherer, CPAs, Inc.
November 26, 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 of Education
Ridgemont Local School District
330 West Taylor Street
Mount Victory, Ohio 43340

Compliance

We have audited the compliance of Ridgemont Local School District, Hardin County, Ohio (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, 2012. 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 our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, 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, 2012.

Internal Control Over Compliance

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

Members of the Board of Education
Ridgmont Local School District
Report on Compliance with Requirements Applicable to each Major Federal Program and on
Internal Control Over Compliance Required by OMB Circular A-133
Page 2

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

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

We intend this report solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
November 26, 2012

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

Schedule of Findings
OMB Circular A-133 Section §.505
June 30, 2012

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	<p><i>Title I, Part A Cluster:</i> Title I Grants to Local Educational Agencies, CFDA#84.010; Title I Grants to Local Educational Agencies, ARRA, CFDA#84.389</p> <p><i>Special Education Cluster:</i> Special Education Grants to States, CFDA# 84.027; Special Education Grants to States, ARRA, CFDA# 84.391</p> <p>Education Jobs Fund, CFDA# 84.410</p>
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Schedule of Findings
OMB Circular A-133 Section §.505
June 30, 2012

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

Finding Number 2012-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District prepare its annual financial report in accordance with generally accepted accounting principles.

Client Response

The Board of Education has elected not to prepare its annual financial statements in accordance with generally accepted accounting principles (GAAP) due to cost savings. In the judgment of the School District, the application of GAAP, which exists principles as a guide to entities other than local governments (e.g. for profit businesses), does not produce financial statements that are materially more accurate than non-GAAP financial statements. In light of the higher cost and absence of a material benefit, the School District has chosen to return to the use of non-GAAP annual financial statements commencing with period ending June 30, 2012.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted

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

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-001	Significant Deficiency for audit adjustments.	Yes	
2011-002	Significant Deficiency- Failure to identify a major fund	Yes	

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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
FEBRUARY 12, 2013**