



Dave Yost • Auditor of State



**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund .....	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Schoolwide Building Program Fund .....	24
Statement of Net Position – Proprietary Fund .....	25
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund.....	26
Statement of Cash Flows – Proprietary Fund.....	27
Statement of Fiduciary Net Position – Fiduciary Fund.....	28
Notes to the Basic Financial Statements.....	29
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio .....	66
State Teachers Retirement System (STRS) of Ohio .....	67
Schedule of District Contributions:	
School Employees Retirement System (SERS) of Ohio .....	68
State Teachers Retirement System (STRS) of Ohio .....	70
Notes to Required Supplementary Information .....	72

**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCKTON COUNTY**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Schedule of Federal Awards Receipts and Expenditures.....	73
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	74
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	75
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	77
Schedule of Findings – OMB Circular A-133 § .505 .....	79



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgewood Local School District, Coshocton County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgewood Local School District, Coshocton County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and the Schoolwide Building Program Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension Liabilities and Pension Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures (the Schedule) also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 2, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The management's discussion and analysis of the Ridgewood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. 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 2015 are as follows:

- In total, net position of governmental activities increased \$837,007 from the prior year's restated net position.
- General revenues (primarily taxes and unrestricted grants and entitlements) accounted for \$10,573,095 in revenue or 78.42% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,910,095 or 21.58% of total revenues of \$13,483,190.
- The District had \$12,646,183 in expenses related to governmental activities; \$2,910,095 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities of \$10,573,095 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and schoolwide building program fund. The general fund had \$11,509,728 in revenues and other financing sources and \$10,646,986 in expenditures and other financing uses. During fiscal year 2015 the general fund's fund balance increased from \$4,143,012 to \$5,005,754.
- The schoolwide building program fund had revenues and other financing sources of \$1,588,503 and expenditures of \$1,626,564. During fiscal year 2015 the schoolwide building program fund's fund deficit increased from \$221,101 to \$259,162.

**Using these Basic Financial Statements**

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

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

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

The District's statement of net position and statement of activities can be found on pages 17-18 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 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and schoolwide building program fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-24 of this report.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for dental self-insurance. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 28. 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 29-64 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 66 through 72 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	<b>Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
<b><u>Assets</u></b>		
Current and other assets	\$ 10,474,983	\$ 9,810,710
Capital assets, net	<u>13,634,297</u>	<u>14,019,666</u>
Total assets	<u>24,109,280</u>	<u>23,830,376</u>
<b><u>Deferred outflows of resources</u></b>		
Unamortized deferred charges on debt refunding	107,622	119,051
Pensions	<u>1,014,194</u>	<u>798,897</u>
Total deferred outflows of resources	<u>1,121,816</u>	<u>917,948</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,297,664	1,268,076
Long-term liabilities:		
Due within one year	428,182	357,982
Due in more than one year:		
Net pension liability	13,419,084	15,941,888
Other amounts	<u>3,662,698</u>	<u>3,956,868</u>
Long-term liabilities	<u>17,509,964</u>	<u>20,256,738</u>
Total liabilities	<u>18,807,628</u>	<u>21,524,814</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes levied for the next fiscal year	2,552,661	2,612,186
Pensions	<u>2,422,476</u>	<u>-</u>
Total deferred inflows of resources	<u>4,975,137</u>	<u>2,612,186</u>
<b><u>Net position</u></b>		
Net investment in capital assets	11,626,128	11,741,109
Restricted	981,556	1,095,714
Unrestricted (deficit)	<u>(11,159,353)</u>	<u>(12,225,499)</u>
Total net position	<u>\$ 1,448,331</u>	<u>\$ 611,324</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$15,754,315 to \$611,324.

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

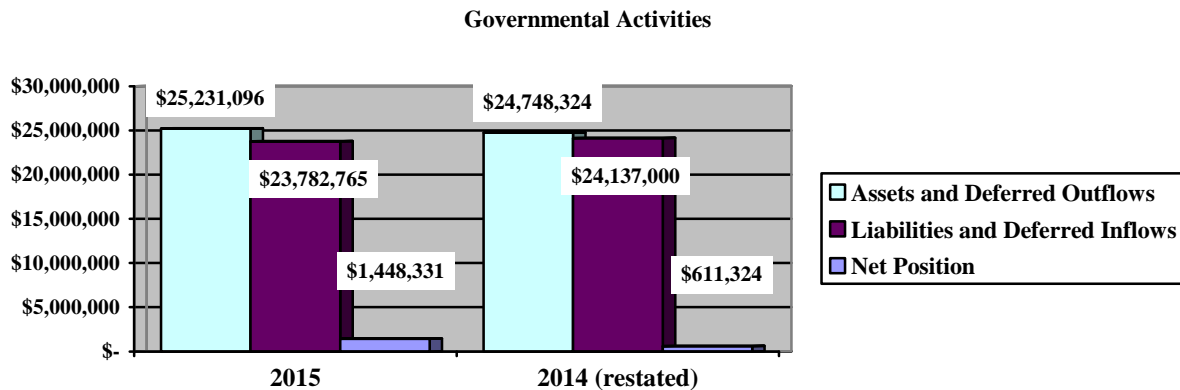
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,448,331.

At year-end, capital assets represented 56.55% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and library and textbooks. The net investment in capital assets at June 30, 2015 was \$11,626,128. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$981,556, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$11,159,353.

The graph below presents the District's governmental activities assets and deferred outflows, liabilities and deferred inflows, and net position for fiscal year 2015 and 2014. Net position for 2014 has been restated as described in Note 3.A.



The table below shows the change in net position for fiscal years 2015 and 2014. Net position for 2014 has been restated as described in Note 3.A.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Change in Net Position**

	Governmental Activities 2015	Restated Governmental Activities 2014
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 908,530	\$ 782,467
Operating grants and contributions	2,001,565	2,197,820
General revenues:		
Property taxes	3,098,951	2,810,802
Grants and entitlements	7,435,678	7,316,353
Investment earnings	13,743	14,972
Other	24,723	38,424
Total revenues	<u>13,483,190</u>	<u>13,160,838</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	5,543,979	5,770,569
Special	1,216,793	1,221,845
Vocational	273,187	258,491
Other	54,510	39,441
Support services:		
Pupil	500,756	487,877
Instructional staff	488,368	447,223
Board of education	31,642	30,350
Administration	771,025	733,018
Fiscal	398,162	388,688
Business	17,278	36,713
Operations and maintenance	1,255,389	2,302,922
Pupil transportation	775,542	811,011
Central	4,775	19,732
Operation of non-instructional services:		
Food service operations	713,851	642,762
Extracurricular activities	444,779	479,530
Interest and fiscal charges	156,157	179,397
Total expenses	<u>12,646,193</u>	<u>13,849,569</u>
Change in net position	837,007	(688,731)
Net position at beginning of year (restated)	<u>611,324</u>	<u>N/A</u>
Net position at end of year	<u>\$ 1,448,331</u>	<u>\$ 611,324</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Governmental Activities**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$798,897 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$572,336.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 12,646,193
Pension expense under GASB 68	(572,336)
2015 contractually required contributions	<u>887,961</u>
Adjusted 2015 program expenses	12,961,818
Total 2014 program expenses under GASB 27	<u>13,849,569</u>
Increase (decrease) in program expenses not related to pensions	<u>\$ (887,751)</u>

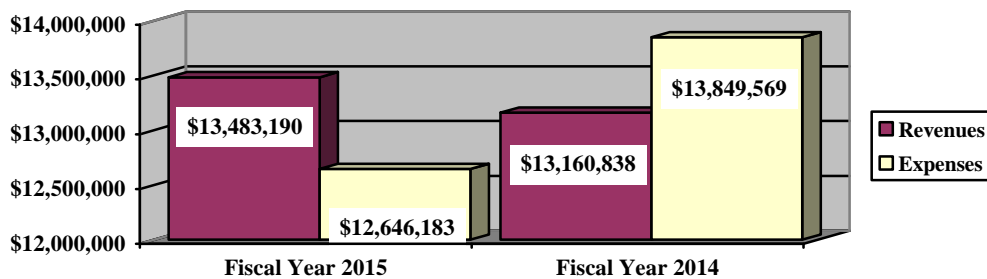
Net position of the District's governmental activities increased \$837,007. Total governmental expenses of \$12,646,183 were offset by program revenues of \$2,910,095 and general revenues of \$10,573,095. Program revenues supported 23.01% of the total governmental expenses.

Program revenues accounted for 21.58% of total revenues. Charges for services and sales increased as a result of additional open enrollment tuition revenues for the District. The decrease in operating grants and contributions is primarily due to a decrease in federal grant funding for the schoolwide building program fund. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 78.13% of total governmental revenue. The increase in property taxes revenue is mostly due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the County Auditors. Tax advances available are recorded as revenue under GAAP. The amount of tax advances available at June 30, 2015, 2014 and 2013 was approximately \$188,000, \$115,000 and \$235,000, respectively. This amount can vary depending upon when the County Auditors distribute tax bills.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,088,469 or 56.05% of total governmental expenses for fiscal year 2015. The overall decrease in expenses is primarily due to payments made in 2014 on a district-wide energy conservation project.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2015 and 2014.

**Governmental Activities - Revenues and Expenses**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
<b>Governmental Activities</b>				
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,543,979	\$ 4,746,249	\$ 5,770,569	\$ 4,859,106
Special	1,216,793	173,951	1,221,845	163,563
Vocational	273,187	189,341	258,491	187,843
Other	54,510	54,510	39,441	39,441
Support services:				
Pupil	500,756	480,176	487,877	469,025
Instructional staff	488,368	474,588	447,223	425,144
Board of education	31,642	31,642	30,350	30,350
Administration	771,025	666,218	733,018	655,092
Fiscal	398,162	398,162	388,688	385,515
Business	17,278	17,278	36,713	36,713
Operations and maintenance	1,255,389	1,254,385	2,302,922	2,301,325
Pupil transportation	775,542	769,145	811,011	805,939
Central	4,775	4,775	19,732	19,732
Operation of non-instructional services:				
Food service operations	713,851	63,498	642,762	26,688
Extracurricular activities	444,779	256,023	479,530	284,409
Interest and fiscal charges	156,147	156,147	179,397	179,397
<b>Total expenses</b>	<b><u>\$ 12,646,183</u></b>	<b><u>\$ 9,736,088</u></b>	<b><u>\$ 13,849,569</u></b>	<b><u>\$ 10,869,282</u></b>

The dependence upon tax and other general revenues for governmental activities is apparent; 72.85% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 76.99%. The District's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for the District's students.

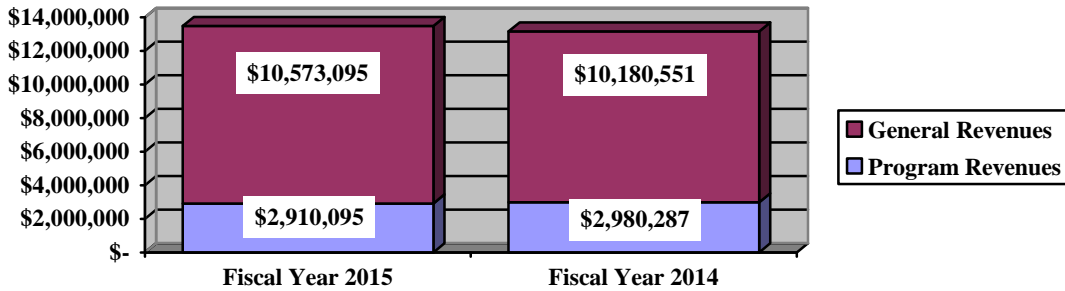


**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The graph below presents the District's governmental activities revenue for fiscal year 2015 and 2014.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$5,979,021, which is more than last year's total of \$5,231,606. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance (Deficit) June 30, 2015	Fund Balance (Deficit) June 30, 2014	Increase (Decrease)	Percentage Change
General	\$ 5,005,754	\$ 4,143,012	\$ 862,742	20.82 %
Schoolwide building program	(259,162)	(221,101)	(38,061)	(17.21) %
Nonmajor governmental	<u>1,232,429</u>	<u>1,309,695</u>	<u>(77,266)</u>	(5.90) %
Total	<u>\$ 5,979,021</u>	<u>\$ 5,231,606</u>	<u>\$ 747,415</u>	14.29 %

**General Fund**

The District's general fund balance increased \$862,742. The following table assists in illustrating the financial activities and change in fund balance of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 2,789,978	\$ 2,550,405	\$ 239,573	9.39 %
Tuition	506,503	388,168	118,335	30.49 %
Earnings on investments	12,405	15,618	(3,213)	(20.57) %
Intergovernmental	8,071,845	7,863,344	208,501	2.65 %
Other revenues	<u>125,453</u>	<u>145,695</u>	<u>(20,242)</u>	(13.89) %
Total	<u>\$ 11,506,184</u>	<u>\$ 10,963,230</u>	<u>\$ 542,954</u>	4.95 %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,040,082	\$ 4,767,393	\$ 272,689	5.72 %
Support services	4,030,298	3,988,169	42,129	1.06 %
Extracurricular activities	308,494	295,012	13,482	4.57 %
Debt service	<u>117,199</u>	<u>106,824</u>	<u>10,375</u>	9.71 %
Total	<u>\$ 9,496,073</u>	<u>\$ 9,157,398</u>	<u>\$ 338,675</u>	3.70 %

The increase in property taxes revenue is mostly due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the County Auditors, as discussed previously. Tuition revenue increased as a result of additional open enrollment students in fiscal year 2015. Intergovernmental revenue for the general fund consists primarily of the District's allocation from the State Foundation program. The District saw an increase of about \$240,000 in State Foundation funding for fiscal year 2015.

The overall increase in expenditures is primarily due to salary and wages increases in accordance with the District's negotiated agreements.

***Schoolwide Building Program Fund***

The schoolwide building program fund is a major fund for the District and is used to accumulate resources for upgrading the overall instructional programs of the District's elementary school. This fund had revenues and other financing sources of \$1,588,503 and expenditures of \$1,626,564. During fiscal year 2015 the schoolwide building program fund's fund deficit increased from \$221,101 to \$259,162.

***General Fund Budgeting Highlights***

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

For the general fund, original and final budgeted revenues and other financing sources were \$10,626,061. Actual revenues and other financing sources for fiscal year 2015 were \$11,463,337, which represents an increase of \$837,276 over the final budgeted amount. Most of this variance is a result of the District's conservative budgeting for State Foundation revenues.

General fund original and final appropriations were \$11,542,251. The actual budget basis expenditures for fiscal year 2015 totaled \$11,176,565, which is \$365,686 less than the final budgeted appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2015, the District had \$13,634,297 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and library and textbooks. This entire amount is reported in governmental activities. The following table shows fiscal 2015 balances compared to 2014:

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

	Governmental Activities	
	2015	2014
Land	\$ 264,066	\$ 194,966
Construction in progress	87,608	-
Land improvements	442,846	587,214
Building and improvements	12,025,664	12,512,106
Furniture and equipment	274,543	357,776
Vehicles	539,570	367,604
Total	\$ 13,634,297	\$ 14,019,666

Additions to capital assets in fiscal year 2015 were \$430,921 and disposals, net of accumulated depreciation, were \$104,094. The District recognized \$712,196 in depreciation expense during the fiscal year. See Note 8 in the notes to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2015, the District had \$3,035,947 in general obligation bonds and capital leases outstanding. Of this total, \$323,181 is due within one year and \$2,712,766 is due in greater than one year. The following table summarizes the debt outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2015	2014
General obligation bonds	\$ 2,831,568	\$ 3,069,951
Capital lease obligations	204,379	236,179
Total	\$ 3,035,947	\$ 3,306,130

Additions to these debt obligations, consisting of accreted interest on capital appreciation bonds, were \$44,617 during the year, and principal payments \$314,800. See Note 10 in the notes to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Current Financial Related Activities**

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

**Contacting the District's Financial Management**

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

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

STATEMENT OF NET POSITION  
JUNE 30, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 7,480,225
Receivables:	
Property taxes . . . . .	2,826,287
Accounts . . . . .	1,080
Intergovernmental . . . . .	148,547
Accrued interest . . . . .	3,752
Inventory held for resale . . . . .	15,092
Capital assets:	
Nondepreciable capital assets . . . . .	351,674
Depreciable capital assets, net . . . . .	13,282,623
Capital assets, net. . . . .	13,634,297
Total assets . . . . .	24,109,280
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	107,622
Pension - STRS . . . . .	776,696
Pension - SERS . . . . .	237,498
Total deferred outflows of resources. . . . .	1,121,816
<b>Liabilities:</b>	
Accounts payable. . . . .	24,464
Contracts payable. . . . .	50,416
Accrued wages and benefits payable . . . . .	956,822
Intergovernmental payable . . . . .	59,284
Pension and postemployment benefits payable . . . . .	190,611
Accrued interest payable . . . . .	7,316
Claims payable . . . . .	8,751
Long-term liabilities:	
Due within one year . . . . .	428,182
Due in more than one year:	
Net pension liability (See Note 13) . . . . .	13,419,084
Other amounts due in more than one year . . . . .	3,662,698
Total liabilities. . . . .	18,807,628
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	2,552,661
Pension - STRS. . . . .	1,992,750
Pension - SERS. . . . .	429,726
Total deferred inflows of resources. . . . .	4,975,137
<b>Net position:</b>	
Net investment in capital assets. . . . .	11,626,128
Restricted for:	
Capital projects. . . . .	13,678
Classroom facilities maintenance. . . . .	188,704
Debt service. . . . .	192,821
Locally funded programs . . . . .	18,954
Federally funded programs . . . . .	108,727
Student activities . . . . .	34,211
Food service operations . . . . .	424,461
Unrestricted (deficit) . . . . .	(11,159,353)
Total net position . . . . .	\$ 1,448,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 5,543,979	\$ 515,191	\$ 282,539	\$ (4,746,249)
Special . . . . .	1,216,793	12,845	1,029,997	(173,951)
Vocational . . . . .	273,187	-	83,846	(189,341)
Other . . . . .	54,510	-	-	(54,510)
Support services:				
Pupil. . . . .	500,756	-	20,580	(480,176)
Instructional staff . . . . .	488,368	321	13,459	(474,588)
Board of education . . . . .	31,642	-	-	(31,642)
Administration. . . . .	771,025	-	104,807	(666,218)
Fiscal. . . . .	398,162	-	-	(398,162)
Business. . . . .	17,278	-	-	(17,278)
Operations and maintenance . . . . .	1,255,389	-	1,004	(1,254,385)
Pupil transportation . . . . .	775,542	6,397	-	(769,145)
Central. . . . .	4,775	-	-	(4,775)
Operation of non-instructional services:				
Food service operations . . . . .	713,851	193,203	457,150	(63,498)
Extracurricular activities . . . . .	444,779	180,573	8,183	(256,023)
Interest and fiscal charges . . . . .	156,147	-	-	(156,147)
<b>Total governmental activities . . . . .</b>	<b>\$ 12,646,183</b>	<b>\$ 908,530</b>	<b>\$ 2,001,565</b>	<b>(9,736,088)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes. . . . .				2,807,165
Bond retirement . . . . .				239,194
Classroom facilities maintenance . . . . .				52,592
Grants and entitlements not restricted to specific programs . . . . .				7,435,678
Investment earnings . . . . .				13,743
Miscellaneous . . . . .				24,723
<b>Total general revenues. . . . .</b>				<b>10,573,095</b>
Change in net position . . . . .				837,007
<b>Net position at beginning of year (restated) .</b>				<b>611,324</b>
<b>Net position at end of year . . . . .</b>				<b>\$ 1,448,331</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>General</u>	<u>Schoolwide Building Program</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 5,779,293	\$ 7,160	\$ 1,155,165	\$ 6,941,618
Receivables:				
Property taxes. . . . .	2,559,509	-	266,778	2,826,287
Accounts . . . . .	1,080	-	-	1,080
Intergovernmental. . . . .	6,753	-	141,794	148,547
Accrued interest. . . . .	3,752	-	-	3,752
Inventory held for resale. . . . .	-	-	15,092	15,092
Due from other funds . . . . .	17	-	-	17
Total assets . . . . .	<u>8,350,404</u>	<u>7,160</u>	<u>1,578,829</u>	<u>9,936,393</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 21,876	\$ -	\$ 2,427	\$ 24,303
Contracts payable. . . . .	50,416	-	-	50,416
Accrued wages and benefits payable . . . . .	658,788	228,374	69,660	956,822
Compensated absences payable . . . . .	21,317	-	-	21,317
Intergovernmental payable . . . . .	47,527	8,902	2,855	59,284
Pension and postemployment benefits payable . . . . .	146,332	29,046	15,233	190,611
Due to other funds. . . . .	-	-	17	17
Total liabilities . . . . .	<u>946,256</u>	<u>266,322</u>	<u>90,192</u>	<u>1,302,770</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	2,311,675	-	240,986	2,552,661
Delinquent property tax revenue not available . . . . .	76,920	-	8,037	84,957
Accrued interest not available. . . . .	3,046	-	-	3,046
Intergovernmental revenue not available . . . . .	6,753	-	7,185	13,938
Total deferred inflows of resources . . . . .	<u>2,398,394</u>	<u>-</u>	<u>256,208</u>	<u>2,654,602</u>
<b>Fund balances:</b>				
Restricted:				
Debt service . . . . .	-	-	421,114	421,114
Capital improvements . . . . .	-	-	13,678	13,678
Classroom facilities maintenance . . . . .	-	-	187,261	187,261
Food service operations . . . . .	-	-	458,037	458,037
Special education . . . . .	-	-	571	571
Targeted academic assistance . . . . .	-	-	108,132	108,132
Other purposes. . . . .	-	-	18,954	18,954
Extracurricular activities. . . . .	-	-	34,211	34,211
Assigned:				
Student instruction . . . . .	1,920	-	-	1,920
Student and staff support. . . . .	564,891	-	-	564,891
Subsequent year's appropriations. . . . .	770,234	-	-	770,234
School supplies. . . . .	3,074	-	-	3,074
Unassigned (deficit) . . . . .	3,665,635	(259,162)	(9,529)	3,396,944
Total fund balances . . . . .	<u>5,005,754</u>	<u>(259,162)</u>	<u>1,232,429</u>	<u>5,979,021</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 8,350,404</u>	<u>\$ 7,160</u>	<u>\$ 1,578,829</u>	<u>\$ 9,936,393</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2015

<b>Total governmental fund balances</b>		\$	5,979,021
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			13,634,297
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	84,957	
Intergovernmental receivable		13,938	
Accrued interest receivable		3,046	
Total		101,941	101,941
Unamortized premiums on bonds issued are not recognized in the funds.			(141,415)
Unamortized deferred charges on refundings are not recognized in the funds.			107,622
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			529,695
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(7,316)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows and outflows of resources are not reported in governmental funds.			
Deferred outflows of resources - pension		1,014,194	
Deferred inflows of resources - pension		(2,422,476)	
Net pension liability		(13,419,084)	
Total		(14,827,366)	(14,827,366)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(2,831,568)	
Capital lease obligations		(204,379)	
Compensated absences		(892,201)	
Total		(3,928,148)	(3,928,148)
<b>Net position of governmental activities</b>		\$	1,448,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Schoolwide Building Program</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,789,978	\$ -	\$ 289,971	\$ 3,079,949
Tuition. . . . .	506,503	-	-	506,503
Charges for services . . . . .	-	-	193,203	193,203
Earnings on investments . . . . .	12,405	-	721	13,126
Extracurricular. . . . .	66,619	-	113,636	180,255
Classroom materials and fees . . . . .	21,851	-	-	21,851
Other local revenues . . . . .	36,983	-	500	37,483
Intergovernmental - state . . . . .	8,036,227	-	100,622	8,136,849
Intergovernmental - federal . . . . .	35,618	437,590	837,715	1,310,923
Total revenues . . . . .	<u>11,506,184</u>	<u>437,590</u>	<u>1,536,368</u>	<u>13,480,142</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	4,234,367	924,826	22,975	5,182,168
Special . . . . .	472,071	503,598	276,362	1,252,031
Vocational . . . . .	279,122	-	-	279,122
Other . . . . .	54,522	-	-	54,522
Support services:				
Pupil . . . . .	486,621	-	20,834	507,455
Instructional staff . . . . .	470,321	24,972	5,912	501,205
Board of education . . . . .	31,798	-	-	31,798
Administration . . . . .	564,512	161,964	60,082	786,558
Fiscal . . . . .	382,803	-	8,088	390,891
Business. . . . .	17,278	-	-	17,278
Operations and maintenance . . . . .	1,228,615	3,575	83,615	1,315,805
Pupil transportation . . . . .	843,399	-	-	843,399
Central . . . . .	4,951	-	-	4,951
Operation of non-instructional services:				
Food service operations. . . . .	-	-	692,885	692,885
Extracurricular activities . . . . .	308,494	7,629	124,931	441,054
Facilities acquisition and construction. . . . .	-	-	4,350	4,350
Debt service:				
Principal retirement. . . . .	79,800	-	235,000	314,800
Interest and fiscal charges . . . . .	37,399	-	78,600	115,999
Total expenditures . . . . .	<u>9,496,073</u>	<u>1,626,564</u>	<u>1,613,634</u>	<u>12,736,271</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>2,010,111</u>	<u>(1,188,974)</u>	<u>(77,266)</u>	<u>743,871</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets . . . . .	3,544	-	-	3,544
Transfers in . . . . .	-	1,150,913	-	1,150,913
Transfers (out). . . . .	<u>(1,150,913)</u>	<u>-</u>	<u>-</u>	<u>(1,150,913)</u>
Total other financing sources (uses) . . . . .	<u>(1,147,369)</u>	<u>1,150,913</u>	<u>-</u>	<u>3,544</u>
Net change in fund balances . . . . .	862,742	(38,061)	(77,266)	747,415
<b>Fund balances at beginning of year. . . . .</b>	<u>4,143,012</u>	<u>(221,101)</u>	<u>1,309,695</u>	<u>5,231,606</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 5,005,754</u>	<u>\$ (259,162)</u>	<u>\$ 1,232,429</u>	<u>\$ 5,979,021</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<b>Net change in fund balances - total governmental funds</b>	\$	747,415
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 430,921	
Current year depreciation	(712,196)	
Total		(281,275)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(104,094)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	19,002	
Intergovernmental	(99,648)	
Earnings on investments	1,338	
Total		(79,308)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		314,800
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	881	
Accreted interest on capital appreciation bonds	(44,617)	
Amortization of bond premiums	15,017	
Amortization of deferred charges on refundings	(11,429)	
Total		(40,148)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows of resources.		
		887,961
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(572,336)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(39,913)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		3,905
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>837,007</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,524,860	\$ 2,524,860	\$ 2,723,805	\$ 198,945
Tuition . . . . .	469,508	469,508	506,503	36,995
Earnings on investments . . . . .	9,099	9,099	9,816	717
Classroom materials and fees . . . . .	6,117	6,117	6,599	482
Other local revenues . . . . .	29,692	29,692	32,031	2,339
Intergovernmental - state . . . . .	7,466,334	7,466,334	8,054,640	588,306
Intergovernmental - federal . . . . .	33,321	33,321	35,947	2,626
Total revenues . . . . .	<u>10,538,931</u>	<u>10,538,931</u>	<u>11,369,341</u>	<u>830,410</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,340,340	4,340,340	4,187,179	153,161
Special . . . . .	491,170	491,170	473,876	17,294
Vocational . . . . .	287,616	287,616	277,489	10,127
Other . . . . .	57,822	57,822	55,786	2,036
Support services:				
Pupil . . . . .	509,352	509,352	491,418	17,934
Instructional staff . . . . .	499,938	499,938	482,335	17,603
Board of education . . . . .	31,894	31,894	30,771	1,123
Administration . . . . .	581,314	581,314	560,846	20,468
Fiscal . . . . .	403,145	403,145	388,950	14,195
Business . . . . .	20,781	20,781	19,547	1,234
Operations and maintenance . . . . .	1,907,401	1,907,401	1,836,955	70,446
Pupil transportation . . . . .	879,460	879,460	848,494	30,966
Central . . . . .	5,127	5,127	4,946	181
Extracurricular activities . . . . .	253,279	253,279	244,361	8,918
Debt service:				
Principal . . . . .	79,800	79,800	79,800	-
Interest and fiscal charges . . . . .	37,399	37,399	37,399	-
Total expenditures . . . . .	<u>10,385,838</u>	<u>10,385,838</u>	<u>10,020,152</u>	<u>365,686</u>
Excess of revenues over expenditures . . . . .	<u>153,093</u>	<u>153,093</u>	<u>1,349,189</u>	<u>1,196,096</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	83,845	83,845	90,452	6,607
Transfers (out) . . . . .	(1,156,413)	(1,156,413)	(1,156,413)	-
Proceeds from sale of assets . . . . .	3,285	3,285	3,544	259
Total other financing sources (uses) . . . . .	<u>(1,069,283)</u>	<u>(1,069,283)</u>	<u>(1,062,417)</u>	<u>6,866</u>
Net change in fund balance . . . . .	(916,190)	(916,190)	286,772	1,202,962
<b>Fund balance at beginning of year . . . . .</b>	<b>4,728,461</b>	<b>4,728,461</b>	<b>4,728,461</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>137,936</b>	<b>137,936</b>	<b>137,936</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 3,950,207</b>	<b>\$ 3,950,207</b>	<b>\$ 5,153,169</b>	<b>\$ 1,202,962</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOLWIDE BUILDING PROGRAM FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	\$ 1,122,323	\$ 1,122,323	\$ 926,713	\$ 195,610
Special. . . . .	602,096	602,096	497,157	104,939
Support Services:				
Instructional staff . . . . .	53,674	53,674	44,319	9,355
Administration. . . . .	193,587	193,587	159,847	33,740
Operations and maintenance. . . . .	4,330	4,330	3,575	755
Extracurricular activities. . . . .	9,251	9,251	7,639	1,612
Total expenditures . . . . .	<u>1,985,261</u>	<u>1,985,261</u>	<u>1,639,250</u>	<u>346,011</u>
Excess of expenditures over revenues . . . .	<u>(1,985,261)</u>	<u>(1,985,261)</u>	<u>(1,639,250)</u>	<u>346,011</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>1,931,166</u>	<u>1,931,166</u>	<u>1,588,503</u>	<u>(342,663)</u>
Total other financing sources . . . . .	<u>1,931,166</u>	<u>1,931,166</u>	<u>1,588,503</u>	<u>(342,663)</u>
Net change in fund balance. . . . .	(54,095)	(54,095)	(50,747)	3,348
<b>Fund balance at beginning of year . . . . .</b>	3,812	3,812	3,812	-
<b>Prior year encumbrances appropriated . .</b>	54,095	54,095	54,095	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,812</u>	<u>\$ 3,812</u>	<u>\$ 7,160</u>	<u>\$ 3,348</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2015

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 538,607
Total assets. . . . .	<u>538,607</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	161
Claims payable . . . . .	<u>8,751</u>
Total liabilities . . . . .	<u>8,912</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>529,695</u>
Total net position . . . . .	<u><u>\$ 529,695</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Interfund services provided . . . . .	\$ 91,370
Total operating revenues . . . . .	<u>91,370</u>
 <b>Operating expenses:</b>	
Purchased services. . . . .	1,901
Claims . . . . .	<u>85,564</u>
Total operating expenses. . . . .	<u>87,465</u>
 Change in net position . . . . .	3,905
<b>Net position at beginning of year. . . . .</b>	<u>525,790</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 529,695</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from interfund services provided . . . .	\$ 93,144
Cash payments for contractual services . . . . .	(1,740)
Cash payments for claims . . . . .	<u>(82,813)</u>
 Net cash provided by operating activities . . . . .	 <u>8,591</u>
 Net increase in cash and cash equivalents . . . . .	 8,591
 <b>Cash and cash equivalents at beginning of year . . .</b>	 <u>530,016</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 538,607</u></b>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income. . . . .	\$ 3,905
Changes in assets and liabilities:	
Decrease in accounts receivable. . . . .	1,774
Increase in accounts payable. . . . .	161
Increase in claims payable . . . . .	<u>2,751</u>
 Net cash provided by operating activities. . . . .	 <u>\$ 8,591</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2015

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 42,266
Total assets. . . . .	\$ 42,266
<b>Liabilities:</b>	
Intergovernmental payable . . . . .	\$ 1,615
Due to students . . . . .	40,651
Total liabilities . . . . .	\$ 42,266

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 - DESCRIPTION OF SCHOOL DISTRICT**

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

The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or Federal guidelines. It is staffed by 62 non-certified employees and 86 certified personnel who provide services to 1,343 students and other community members.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

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

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

OME-RESA is one of 22 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

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

OME-RESA is owned and operated by 44 member districts in 11 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. During fiscal year 2015, \$78,939 was paid to OME-RESA by the District for various services.

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

Coshocton County Career Center

The Coshocton County Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected Boards, which possesses its own budgeting and taxing authority. The Board controls the financial activity of the Career Center. The Career Center receives no direct funding from the member school districts. The continued existence of the Career Center is not dependent on the Ridgewood Local School District's continued participation. The District did not make any payments to the Center during fiscal year 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*PUBLIC ENTITY RISK POOL*

Ohio Association of School Business Officials Worker's Compensation Group

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

Schoolwide building program fund - This fund allows for the pooling of Federal, State and local funds to be used to upgrade the overall instructional program of a school building where at least 40 percent of children are from low-income families.

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, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

*PROPRIETARY FUNDS*

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

**D. Basis of Accounting**

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**E. Budgetary Process**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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 of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control set by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund. Although the legal level of control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparisons for the general fund and schoolwide building program fund at the fund and function level of expenditures.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate of estimated resources issued during fiscal year 2015.

The appropriation resolution is subject to amendment by the Board of Education throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2015.

**F. Cash and Investments**

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

During fiscal year 2015, investments were limited to federal agency securities, U.S. Treasury notes, a U.S. Government money market mutual fund and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$12,405, which includes \$2,587 assigned from other funds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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

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

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

**I. Compensated Absences**

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

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

The total liability for vacation and sick leave has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

**J. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans to account for negative cash balances are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net position.

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

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

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

**L. Fund Balance**

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

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

*Restricted* - Fund balance is reported as restricted when constraints 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the 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 balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the 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 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 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 balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the fiscal year in which services are consumed. The District did not have any prepaid items during fiscal year 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**O. Estimates**

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

**P. Interfund Activity**

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

**Q. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any extraordinary or special items during fiscal year 2015.

**S. Bond Premium and Discount/Accounting Gain or Loss**

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

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized using the bonds outstanding method, which approximates the effective interest method, over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow on the government-wide financial statements.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 13 to the financial statements, and added required supplementary information which is presented on pages 66-72.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 15,754,315
Deferred outflows - payments subsequent to measurement date	798,897
Net pension liability	(15,941,888)
Restated net position at July 1, 2014	\$ 611,324

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**B. Deficit Fund Balances**

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Schoolwide building program	\$ 259,162
<u>Nonmajor fund</u>	
IDEA - Part B	9,529

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

**A. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits was \$6,262,908. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$4,553,951 of the District's bank balance of \$6,316,344 was exposed to custodial risk as discussed below, while \$1,762,393 was covered by the FDIC.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**B. Investments**

As of June 30, 2015, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 124,985	\$ 124,985	\$ -	\$ -	\$ -	\$ -
FHLMC	465,303	-	120,163	-	109,852	235,288
FNMA	554,229	-	65,090	-	-	489,139
U.S. Treasury Note	110,052	110,052	-	-	-	-
U.S. Government money market	5,014	5,014	-	-	-	-
<b>Total</b>	<b>\$ 1,259,583</b>	<b>\$ 240,051</b>	<b>\$ 185,253</b>	<b>\$ -</b>	<b>\$ 109,852</b>	<b>\$ 724,427</b>

The weighted average maturity of investments is 2.00 years.

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

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

*Credit Risk:* The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market an AAAM money market rating. The District has no policy that would further limit its investment choices.

*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, 2015:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 124,985	9.92
FHLMC	465,303	36.94
FNMA	554,229	44.00
U.S. Treasury Note	110,052	8.74
U.S. Government money market	5,014	0.40
<b>Total</b>	<b>\$ 1,259,583</b>	<b>100.00</b>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>		
Carrying amount of deposits	\$	6,262,908
Investments		<u>1,259,583</u>
Total		<u>\$ 7,522,491</u>
 <u>Cash and investments per statement of net position</u>		
Governmental activities	\$	7,480,225
Agency fund		<u>42,266</u>
Total		<u>\$ 7,522,491</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2015 consisted of the following amounts to to/from other funds, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 17</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested, but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. The District met the exception requirements of Ohio Revised Code Section 3315.20, allowing a negative cash balance in these funds. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

B. Interfund transfers for the fiscal year ended June 30, 2015, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Schoolwide building program fund	<u>\$ 1,150,913</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, 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 Coshocoton, Guernsey and Tuscarawas Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$170,914 in the general fund, \$14,558 in the bond retirement fund (a nonmajor governmental fund) and \$3,197 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2014 was \$104,741 in the general fund, \$8,852 in the bond retirement fund (a nonmajor governmental fund) and \$1,960 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 134,082,010	93.12	\$ 134,467,150	92.99
Public utility personal	<u>9,908,420</u>	<u>6.88</u>	<u>10,137,640</u>	<u>7.01</u>
Total	<u>\$ 143,990,430</u>	<u>100.00</u>	<u>\$ 144,604,790</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 33.58		\$ 33.59	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2015 consisted of property taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2015</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 194,966	\$ 69,100	\$ -	\$ 264,066
Construction in progress	<u>-</u>	<u>87,608</u>	<u>-</u>	<u>87,608</u>
Total capital assets, not being depreciated	<u>194,966</u>	<u>156,708</u>	<u>-</u>	<u>351,674</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,027,472	-	(77,096)	1,950,376
Building and improvements	20,423,603	-	(8,681)	20,414,922
Furniture and equipment	1,885,204	44,850	(82,586)	1,847,468
Vehicles	1,369,494	229,363	(137,622)	1,461,235
Library and textbooks	<u>853,829</u>	<u>-</u>	<u>-</u>	<u>853,829</u>
Total capital assets, being depreciated	<u>26,559,602</u>	<u>274,213</u>	<u>(305,985)</u>	<u>26,527,830</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,440,258)	(100,679)	33,407	(1,507,530)
Building and improvements	(7,911,497)	(477,761)	-	(8,389,258)
Furniture and equipment	(1,527,428)	(76,359)	30,862	(1,572,925)
Vehicles	(1,001,890)	(57,397)	137,622	(921,665)
Library and textbooks	<u>(853,829)</u>	<u>-</u>	<u>-</u>	<u>(853,829)</u>
Total accumulated depreciation	<u>(12,734,902)</u>	<u>(712,196)</u>	<u>201,891</u>	<u>(13,245,207)</u>
Governmental activities capital assets, net	<u>\$ 14,019,666</u>	<u>\$ (281,275)</u>	<u>\$ (104,094)</u>	<u>\$ 13,634,297</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 614,379
<u>Support services:</u>	
Administration	3,776
Pupil transportation	57,750
Food service operations	21,171
Extracurricular activities	<u>15,120</u>
Total depreciation expense	<u>\$ 712,196</u>

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

The District has entered into capital leases for the acquisition of an administrative building and copier equipment. At inception, the leases were accounted for as an other financing source and an expenditure in the general fund. Capital lease payments are shown as debt service expenditures in the general fund.

The general capital assets acquired by these capital leases have been capitalized in the governmental activities on the statement of net position in the amount of \$358,500, which is equal to the present value of the future minimum lease payments as of the date of their inception. Accumulated depreciation as of June 30, 2015 was \$102,212, leaving a current book value of \$256,288. A corresponding liability has been recorded in the governmental activities on the statement of net position. Principal payments made during fiscal year 2015 totaled \$31,800.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2015.

<u>Fiscal Year</u>	<u>Payments</u>
2016	\$ 42,511
2017	37,213
2018	27,159
2019	20,461
2020	14,633
2021 - 2025	71,068
2026 - 2028	<u>43,051</u>
Total minimum lease payments	256,096
Less: amount representing interest	<u>(51,717)</u>
Present value of minimum lease payments	<u>\$ 204,379</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. Long-term obligations at June 30, 2014 have been restated as described in Note 3.A. During the fiscal year 2015, the following changes occurred in governmental activities long-term obligations:

	Restated Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2015</u>	Amounts Due Within <u>One Year</u>
<b>Governmental activities:</b>					
<i>General obligation bonds:</i>					
Refunded general obligations					
bonds 4.0% due 12/1/2024	\$ 1,965,000	\$ -	\$ (235,000)	\$ 1,730,000	\$ 240,000
Capital appreciation bonds					
4.45% due 12/1/2017 & 2018	39,997	-	-	39,997	-
Accreted interest on bonds	182,954	44,617	-	227,571	-
Energy conservation bonds	<u>882,000</u>	<u>-</u>	<u>(48,000)</u>	<u>834,000</u>	<u>50,000</u>
Total general obligation bonds	<u>3,069,951</u>	<u>44,617</u>	<u>(283,000)</u>	<u>2,831,568</u>	<u>290,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	852,288	142,327	(81,097)	913,518	105,001
Capital leases	236,179	-	(31,800)	204,379	33,181
Net pension liability	<u>15,941,888</u>	<u>-</u>	<u>(2,522,804)</u>	<u>13,419,084</u>	<u>-</u>
Total other obligations	<u>17,030,355</u>	<u>142,327</u>	<u>(2,635,701)</u>	<u>14,536,981</u>	<u>138,182</u>
Total governmental activities					
long-term liabilities	<u>\$ 20,100,306</u>	<u>\$ 186,944</u>	<u>\$ (2,918,701)</u>	17,368,549	<u>\$ 428,182</u>
Add: unamortized premium on refunding bonds				<u>141,415</u>	
Total on statement of net position				<u>\$ 17,509,964</u>	

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

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

*Net Pension Liability:* See Note 13 for more detail.

**B. General Obligation Bonds**

In May 1999, the District issued \$2,759,000 in general obligation bonds. In November 1999, the District issued \$1,300,000 in general obligation bonds. These issues represented the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

The refunding issue was comprised of current interest term bonds, par value \$1,250,000, serial bonds, par value \$1,525,000 and capital appreciation bonds, par value \$39,997. The capital appreciation bonds mature December 1, 2017 and December 1, 2018 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$525,000. Total accreted interest of \$227,571 has been included on the statement of net position at June 30, 2015.

The reacquisition price exceeded the net carrying amount of the old debt by \$205,720. This amount is reported as a deferred outflow of resources and is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issue.

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

On August 23, 2013, the District issued energy conservation bonds, par value \$905,000. The bonds carry a coupon rate of 3.35% and mature on December 1, 2028. The bonds were issued for the purpose of purchasing and installing energy conservation improvements throughout the District. These improvements are not capital in nature and are expensed as incurred in the financial statements. Payments on the bonds are due each June 1 and December 1 and are paid from the general fund.

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

Fiscal Year Ended	Current Interest and Serial Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 290,000	\$ 91,920	\$ 381,920	\$ -	\$ -	\$ -
2017	291,000	80,645	371,645	-	-	-
2018	53,000	74,120	127,120	22,027	237,973	260,000
2019	55,000	72,328	127,328	17,970	247,030	265,000
2020	312,000	65,369	377,369	-	-	-
2021 - 2025	1,310,000	148,009	1,458,009	-	-	-
2026 - 2029	<u>253,000</u>	<u>17,236</u>	<u>270,236</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,564,000</u>	<u>\$ 549,627</u>	<u>\$ 3,113,627</u>	<u>\$ 39,997</u>	<u>\$ 485,003</u>	<u>\$ 525,000</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$10,831,548 (including available funds of \$421,114) and an unvoted debt margin of \$144,605.

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation for a year is fifteen days. Payment is made of one-fourth of the total sick leave accumulation, up to a maximum payout for 50 days upon retirement for certified employees with at least 10 years of service or 55 days upon termination with 5 years of service for non-certified employees.

**B. Life Insurance**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - RISK MANAGEMENT**

**A. Property, Fleet, and Liability Insurance**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2015, the District contracted with Ohio Casualty Insurance for liability, fleet, property and inland marine insurance coverage. The deductible is \$2,500 with the following coverage:

	<u>Coverage</u>
Buildings and Contents	\$ 43,551,201
Automobile Liability	5,000,000
Uninsured Motorists	1,000,000
Crime Insurance	50,000
General Liability:	
Per Occurrence	5,000,000
Aggregate	7,000,000

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

**B. Workers' Compensation**

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

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

In November 2013, the District became a member of the Ohio Benefits Cooperative (OBC), a consortium of political subdivisions throughout the state. The purpose of the OBC is to pool risk and collectively purchase health insurance. The OBC contracts with private companies who handle all claims and benefit processing and assume all risks. The District still operates a limited risk management program for dental benefits. Premiums for dental insurance are paid into the self insurance fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

The District has established a self insurance fund to account for a limited risk management program for dental benefits and medical/surgical benefits prior to November 2013. Premiums are paid into the self insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2015, a total expense of \$8,912 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$60,000. The liability for unpaid claims cost of \$8,751 reported in the fund at June 30, 2015 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling claims. Interfund premiums are based primarily upon the medical/surgical funds' claims experience and are reported as quasi-external interfund transactions.

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2015	\$ 6,000	\$ 85,564	\$ (82,813)	\$ 8,751
2014	219,909	686,372	(900,281)	6,000

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 13 - DEFINED BENEFIT 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 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$214,963 for fiscal year 2015. Of this amount \$34,415 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$672,998 for fiscal year 2015. Of this amount, \$113,728 is reported as pension and postemployment benefits payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 2,647,683	\$ 10,771,401	\$ 13,419,084
Proportion of the Net Pension Liability	0.05231600%	0.04428400%	
Pension Expense	\$ 154,508	\$ 417,828	\$ 572,336

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 22,535	\$ 103,698	\$ 126,233
School District contributions subsequent to the measurement date	<u>214,963</u>	<u>672,998</u>	<u>887,961</u>
Total Deferred Outflows of Resources	<u>\$ 237,498</u>	<u>\$ 776,696</u>	<u>\$ 1,014,194</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 429,726</u>	<u>\$ 1,992,750</u>	<u>\$ 2,422,476</u>
Total Deferred Inflows of Resources	<u>\$ 429,726</u>	<u>\$ 1,992,750</u>	<u>\$ 2,422,476</u>

\$887,961 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	\$ (101,798)	\$ (472,263)	\$ (574,061)
2017	(101,798)	(472,263)	(574,061)
2018	(101,798)	(472,263)	(574,061)
2019	<u>(101,797)</u>	<u>(472,263)</u>	<u>(574,060)</u>
Total	<u>\$ (407,191)</u>	<u>\$ (1,889,052)</u>	<u>\$ (2,296,243)</u>

**Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 3,777,457	\$ 2,647,683	\$ 1,697,446

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 15,420,435	\$ 10,771,401	\$ 6,839,883

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$28,497.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$40,120, \$28,442, and \$25,369, respectively. For fiscal year 2015, 85.68 percent has been contributed, with the balance being reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2014 and 2013.

**B. State Teachers Retirement System**

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy – Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$46,066, and \$44,189 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at cost (budget basis) as opposed to fair value (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the fiscal year on the budget basis to the GAAP basis for the general fund and schoolwide building program fund are as follows:

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Schoolwide Building Program fund</u>
Budget basis	\$ 286,772	\$ (50,747)
Net adjustment for revenue accruals	48,814	437,590
Net adjustment for expenditure accruals	35,085	12,686
Net adjustment for other sources/uses	(84,952)	(437,590)
Funds budgeted elsewhere	(79)	-
Adjustment for encumbrances	<u>577,102</u>	<u>-</u>
GAAP basis	<u>\$ 862,742</u>	<u>\$ (38,061)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and the public school support fund.

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 17 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue 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 fiscal 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. Expenditures 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, 2014	\$ -
Current year set-aside requirement	221,366
Current year qualifying expenditures	(205,381)
Current year offsets	<u>(104,038)</u>
Total	<u>\$ (88,053)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2016	<u>\$ -</u>

**NOTE 18 - 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 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	\$ 524,141
Nonmajor governmental	<u>57,778</u>
Total	<u>\$ 581,919</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.05231600%	0.05231600%
District's proportionate share of the net pension liability	\$ 2,647,683	\$ 3,111,065
District's covered-employee payroll	\$ 1,520,195	\$ 1,513,909
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	205.50%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.04428400%	0.04428400%
District's proportionate share of the net pension liability	\$ 10,771,401	\$ 12,830,823
District's covered-employee payroll	\$ 4,524,600	\$ 4,418,908
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	290.36%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 214,963	\$ 210,699	\$ 209,525	\$ 206,526
Contributions in relation to the contractually required contribution	<u>(214,963)</u>	<u>(210,699)</u>	<u>(209,525)</u>	<u>(206,526)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,630,979	\$ 1,520,195	\$ 1,513,909	\$ 1,535,509
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 194,785	\$ 207,849	\$ 144,652	\$ 148,705	\$ 154,695	\$ 160,994
<u>(194,785)</u>	<u>(207,849)</u>	<u>(144,652)</u>	<u>(148,705)</u>	<u>(154,695)</u>	<u>(160,994)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,549,602	\$ 1,535,074	\$ 1,470,041	\$ 1,514,308	\$ 1,448,455	\$ 1,521,682
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 672,998	\$ 588,198	\$ 574,458	\$ 593,023
Contributions in relation to the contractually required contribution	<u>(672,998)</u>	<u>(588,198)</u>	<u>(574,458)</u>	<u>(593,023)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,807,129	\$ 4,524,600	\$ 4,418,908	\$ 4,561,715
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 675,438	\$ 651,152	\$ 640,806	\$ 619,098	\$ 567,899	\$ 575,718
<u>(675,438)</u>	<u>(651,152)</u>	<u>(640,806)</u>	<u>(619,098)</u>	<u>(567,899)</u>	<u>(575,718)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,195,677	\$ 5,008,862	\$ 4,929,277	\$ 4,762,292	\$ 4,368,454	\$ 4,428,600
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCOTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Federal Grantor Pass Through Grantor Program / Cluster Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2014 / 2015	10.555	\$45,107	\$45,107
Cash Assistance:				
School Breakfast Program	2014 / 2015	10.553	105,048	105,048
National School Lunch Program	2014 / 2015	10.555	298,273	298,273
Cash Assistance Subtotal			<u>403,321</u>	<u>403,321</u>
Total Child Nutrition Cluster			<u>448,428</u>	<u>448,428</u>
Total U.S. Department of Agriculture			448,428	448,428
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	2014 2015	84.010	\$79,806 288,380	\$79,806 288,380
Total Title I Grants to Local Educational Agencies			<u>368,186</u>	<u>368,186</u>
Special Education Cluster:				
Special Education - Grants to States	2014 2015	84.027	41,892 309,212	31,367 309,630
Total Special Education - Grants to States			<u>351,104</u>	<u>340,997</u>
Special Education - Preschool Grants	2015	84.173	<u>10,715</u>	<u>10,144</u>
Total Special Education Cluster			361,819	351,141
Rural Education Program	2015	84.358	22,958	22,975
Improving Teacher Quality State Grants	2014 2015	84.367	9,001 59,983	9,001 59,983
Total Improving Teacher Quality State Grants			<u>68,984</u>	<u>68,984</u>
Race to the Top Incentive Grants, Recovery Act	2015	84.395	<u>5,553</u>	<u>1,050</u>
Total U.S. Department of Education			<u>827,500</u>	<u>812,336</u>
<b>Total Federal Awards Receipts and Expenditures Schedule</b>			<b><u>\$1,275,928</u></b>	<b><u>\$1,260,764</u></b>

The accompanying notes are an integral part of this Schedule.

**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCKTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Ridgewood Local School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C - FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE D - SCHOOLWIDE PROGRAM**

The Elementary and Secondary Education Act (ESEA), as amended by the No Child Left Behind Act, allows eligible schools to use a combination of Federal, State, and local funds, to upgrade the entire educational program of the school and to raise academic achievement for all students. Except for some of the specific requirements under the applicable Federal program, Federal funds that a school consolidates in a schoolwide program are not subject to most of the statutory or regulatory requirements of the programs providing the funds as long as the schoolwide program meets the intent and purpose of those programs.

For 2015, the District consolidated Title I, Part A and Improving Teacher Quality federal grants with General Fund local funding into a schoolwide program. The following Title I, Part A and Improving Teacher Quality receipts were transferred into the schoolwide program in 2015:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$368,606
Improving Teacher Quality State Grant	84.367	68,984



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgewood Local School District, Coshocton County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 2, 2016, wherein we noted the District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 2, 2016





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Ridgewood Local School District's, Coshocton County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Ridgewood Local School District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 2, 2016

**RIDGEWOOD LOCAL SCHOOL DISTRICT  
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b> <ul style="list-style-type: none"> <li>• Title I Grants to Local Educational Agencies - CFDA #84.010</li> </ul>	
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**RIDGEWOOD LOCAL SCHOOL DISTRICT**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 17, 2016**