

**Ridgewood Local
School District**

Audited Financial Statements

June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Ridgewood Local School District
West Lafayette, Ohio

We have reviewed the Independent Auditor's Report of the Ridgewood Local School District, Coshocton County, prepared by Rea & Associates, Inc., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 29, 2004

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**RIDGEWOOD LOCAL SCHOOL DISTRICT
WEST LAFAYETTE, OHIO
JUNE 30, 2003**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 5, 2003

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

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of Ridgewood Local School District as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Ridgewood Local School District as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2003 on our consideration of Ridgewood Local School District internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rea & Associates, Inc.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,479,642	\$ 347,534	\$ 148,419	\$ 933,602
Cash and Cash Equivalents:				
Cash and Cash Equivalents - Restricted	42,320	0	0	0
Receivables:				
Taxes	2,165,323	0	299,493	44,029
Accounts	0	0	0	0
Interfund	47,328	0	0	0
Intergovernmental Receivable	0	23,800	0	24,367
Prepaid Items	115,416	7,939	0	0
Inventory	10,042	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
Total Assets	3,860,071	379,273	447,912	1,001,998
Other Debits				
Amount Available In Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of Long Term Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Other Debits	0	0	0	0
Total Assets and Other Debits	\$ 3,860,071	\$ 379,273	\$ 447,912	\$ 1,001,998
Liabilities, Fund Equity, and Other Credits				
Liabilities				
Accounts Payable	\$ 41,898	\$ 3,296	\$ 0	\$ 365
Contracts Payable	0	0	0	24,367
Accrued Wages and Benefits	826,788	56,633	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	2,328	0	0
Intergovernmental Payable	140,476	9,483	0	0
Deferred Revenue	2,087,471	21,472	288,725	42,446
Undistributed Monies	0	0	0	0
Claims Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
OASBO Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	3,096,633	93,212	288,725	67,178
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	439,458	54,850	0	198,991
Reserved for Inventory	10,042	0	0	0
Reserved for Prepaid Items	115,416	7,939	0	0
Reserved for Tax Revenue Unavailable for Appropriations	77,852	0	10,768	1,583
Reserved for BWC Refunds	42,320	0	0	0
Unreserved:				
Undesignated	78,350	223,272	148,419	734,246
Total Fund Equity, and Other Credits	763,438	286,061	159,187	934,820
Total Liabilities, Fund Equity, and Other Credits	\$ 3,860,071	\$ 379,273	\$ 447,912	\$ 1,001,998

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types				Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations		(Memorandum Only)
\$ 72,155	\$ 335,043	\$ 39,738	\$ 0	\$ 0	\$	3,356,133
0	0	0	0	0	0	42,320
0	0	0	0	0	0	2,508,845
0	511	0	0	0	0	511
0	0	0	0	0	0	47,328
20,494	0	0	0	0	0	68,661
9,418	0	0	0	0	0	132,773
12,850	0	0	0	0	0	22,892
201,320	0	0	28,978,806	0	0	29,180,126
316,237	335,554	39,738	28,978,806	0	0	35,359,589
0	0	0	0	148,419	0	148,419
0	0	0	0	4,149,000	0	4,149,000
0	0	0	0	637,809	0	637,809
0	0	0	0	4,935,228	0	4,935,228
\$ 316,237	\$ 335,554	\$ 39,738	\$ 28,978,806	\$ 4,935,228	\$	40,294,817
\$ 0	\$ 0	\$ 1,252	\$ 0	\$ 0	\$	46,811
0	0	0	0	0	0	24,367
42,465	0	0	0	0	0	925,886
16,502	0	0	0	633,063	0	649,565
45,000	0	0	0	0	0	47,328
6,677	0	0	0	120,897	0	277,533
0	0	0	0	0	0	2,440,114
0	0	37,900	0	0	0	37,900
0	131,200	0	0	0	0	131,200
0	0	0	0	32,268	0	32,268
0	0	0	0	294,000	0	294,000
0	0	0	0	3,855,000	0	3,855,000
110,644	131,200	39,152	0	4,935,228	0	8,761,972
0	0	0	28,978,806	0	0	28,978,806
17,917	0	0	0	0	0	17,917
187,676	204,354	0	0	0	0	392,030
0	0	0	0	0	0	693,299
0	0	0	0	0	0	10,042
0	0	0	0	0	0	123,355
0	0	0	0	0	0	90,203
0	0	0	0	0	0	42,320
0	0	586	0	0	0	1,184,873
205,593	204,354	586	28,978,806	0	0	31,532,845
\$ 316,237	\$ 335,554	\$ 39,738	\$ 28,978,806	\$ 4,935,228	\$	40,294,817

RIDGEWOOD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances*

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 2003

	Governmental Fund Type			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 2,056,653	\$ 43,191	\$ 393,534	\$ 374
Intergovernmental	6,701,841	672,416	39,234	227,046
Investment Income	36,316	0	0	28,727
Tuition and Fees	193,006	0	0	0
Extracurricular Activities	0	151,349	0	0
Charges for Services	20,485	4,336	0	0
Gifts and Donations	0	17,556	0	0
Miscellaneous	6,187	1,056	0	47,270
Total Revenues	9,014,488	889,904	432,768	303,417
Expenditures				
Current:				
Instruction				
Regular	4,706,699	173,396	0	56,202
Special	1,013,648	272,058	0	0
Vocational	384,096	0	0	0
Other	6,312	0	0	0
Support Services:				
Pupils	281,361	12,702	0	0
Instructional Staff	252,222	143,982	0	7,500
Board of Education	24,989	0	0	0
Administration	761,783	78,481	0	6,306
Fiscal	282,302	1,116	2,914	12
Operation and Maintenance of Plant	1,175,715	20,543	0	0
Pupil Transportation	730,097	0	0	0
Extracurricular Activities	172,381	176,359	0	0
Capital Outlay	0	0	0	4,169,541
Debt Service:				
Principal Retirement	6,000	0	201,057	0
Interest and Fiscal Charges	9,102	0	227,378	0
Total Expenditures	9,806,707	878,637	431,349	4,239,561
Excess of Revenues Over (Under) Expenditures	(792,219)	11,267	1,419	(3,936,144)
Other Financing Sources (Uses)				
Proceeds of Loan	0	0	0	300,000
Proceeds from Sales of Fixed Assets	10,532	0	0	3,453
Operating Transfers In	0	14,000	0	0
Operating Transfers Out	(98,559)	0	0	0
Total Other Financing Sources (Uses)	(88,027)	14,000	0	303,453
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(880,246)	25,267	1,419	(3,632,691)
Fund Balance at Beginning Of Year	1,638,093	260,794	157,768	4,567,511
Increase (Decrease) in Reserve for Inventory	5,591	0	0	0
Fund Balance at End of Year	\$ 763,438	\$ 286,061	\$ 159,187	\$ 934,820

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Type		Totals
Expendable Trust		(Memorandum Only)
\$	0	\$ 2,493,752
	0	7,640,537
	0	65,043
	0	193,006
	0	151,349
	0	24,821
	0	17,556
	0	54,513
	0	10,640,577
	0	4,936,297
	0	1,285,706
	0	384,096
	0	6,312
	0	294,063
	0	403,704
	0	24,989
	0	846,570
	0	286,344
	0	1,196,258
	0	730,097
	0	348,740
	0	4,169,541
	0	207,057
	0	236,480
	0	15,356,254
	0	(4,715,677)
	0	300,000
	0	13,985
	0	14,000
	0	(98,559)
	0	229,426
	0	(4,486,251)
	586	6,624,752
	0	5,591
\$	586	\$ 2,144,092

RIDGEWOOD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual*

All Governmental Fund Types and Expendable Trust Funds
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2003

GENERAL FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,010,806	\$ 2,042,084	\$ 31,278
Intergovernmental	6,673,146	6,673,146	0
Investment Income	34,917	36,316	1,399
Tuition and Fees	193,006	193,006	0
Extracurricular Activities	0	0	0
Charges for Services	20,142	20,485	343
Gifts and Donations	0	0	0
Miscellaneous	37,878	38,691	813
Total Revenues	8,969,895	9,003,728	33,833
Expenditures			
Current:			
Instruction	6,338,957	6,292,470	46,487
Support Services:			
Pupils	296,742	294,130	2,612
Instructional Staff	292,426	288,047	4,379
Board of Education	30,540	27,707	2,833
Administration	784,726	778,176	6,550
Fiscal	316,483	315,599	884
Operation and Maintenance of Plant	1,364,336	1,347,074	17,262
Pupil Transportation	815,968	794,373	21,595
Extracurricular Activities	202,268	201,307	961
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	6,000	6,000	0
Interest and Fiscal Charges	9,102	9,102	0
Total Expenditures	10,457,548	10,353,985	103,563
Excess of Revenues Over (Under) Expenditures	(1,487,653)	(1,350,257)	137,396
Other Financing Sources (Uses)			
Refund of Prior Year Expenditures	40,131	40,131	0
Refund of Prior Year Receipts	10,532	10,532	0
Other Financing Sources	(85)	(85)	0
Advances In	66,857	66,857	0
Advances Out	(47,328)	(47,328)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(98,559)	(98,559)	0
Total Other Financing Sources (Uses)	(28,452)	(28,452)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,516,105)	(1,378,709)	137,396
Fund Balance (Deficit) at Beginning of Year	1,872,399	1,872,399	0
Prior Year Encumbrances Appropriated	553,093	553,093	0
Fund Balance (Deficit) at End of Year	\$ 909,387	\$ 1,046,783	\$ 137,396

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUND			DEBT SERVICE FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 43,181	\$ 43,191	\$ 10	\$ 393,207	\$ 394,848	\$ 1,641
723,937	700,340	(23,597)	39,234	39,234	0
0	0	0	0	0	0
0	0	0	0	0	0
149,651	110,041	(39,610)	0	0	0
4,220	0	(4,220)	0	0	0
18,320	0	(18,320)	0	0	0
383	78	(305)	0	0	0
<u>939,692</u>	<u>853,650</u>	<u>(86,042)</u>	<u>432,441</u>	<u>434,082</u>	<u>1,641</u>
573,913	466,222	107,691	0	0	0
15,156	12,702	2,454	0	0	0
169,112	150,527	18,585	0	0	0
0	0	0	0	0	0
82,225	70,022	12,203	0	0	0
1,116	1,116	0	3,785	2,914	871
50,475	50,475	0	0	0	0
0	0	0	0	0	0
208,253	202,485	5,768	0	0	0
0	0	0	0	0	0
0	0	0	201,057	201,057	0
0	0	0	227,378	227,378	0
<u>1,100,250</u>	<u>953,549</u>	<u>146,701</u>	<u>432,220</u>	<u>431,349</u>	<u>871</u>
<u>(160,558)</u>	<u>(99,899)</u>	<u>60,659</u>	<u>221</u>	<u>2,733</u>	<u>2,512</u>
0	0	0	0	0	0
(859)	(859)	0	0	0	0
0	0	0	0	0	0
0	2,328	2,328	0	0	0
0	0	0	0	0	0
9,000	14,000	5,000	0	0	0
0	0	0	0	0	0
<u>8,141</u>	<u>15,469</u>	<u>7,328</u>	<u>0</u>	<u>0</u>	<u>0</u>
(152,417)	(84,430)	67,987	221	2,733	2,512
257,301	257,301	0	145,686	145,686	0
52,536	52,536	0	0	0	0
<u>\$ 157,420</u>	<u>\$ 225,407</u>	<u>\$ 67,987</u>	<u>\$ 145,907</u>	<u>\$ 148,419</u>	<u>\$ 2,512</u>

(continued)

RIDGEWOOD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual*

All Governmental Fund Types and Expendable Trust Funds
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2003

CAPITAL PROJECTS FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 135	\$ 135	\$ 0
Intergovernmental	230,961	230,961	0
Investment Income	28,147	28,727	580
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Charges for Services	0	0	0
Gifts and Donations	47,270	47,270	0
Miscellaneous	300,000	300,000	0
Total Revenues	606,513	607,093	580
Expenditures			
Current:			
Instruction	56,202	56,202	0
Support Services:			
Pupils	0	0	0
Instructional Staff	7,500	11,000	(3,500)
Board of Education	0	0	0
Administration	6,306	6,306	0
Fiscal	12	31	(19)
Operation and Maintenance of Plant	24,988	6,000	18,988
Pupil Transportation	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	5,428,482	5,276,118	152,364
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	5,523,490	5,355,657	167,833
Excess of Revenues Over (Under) Expenditures	(4,916,977)	(4,748,564)	168,413
Other Financing Sources (Uses)			
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	(282)	(282)	0
Other Financing Sources	3,453	3,453	0
Advances In	0	0	0
Advances Out	0	(28,000)	(28,000)
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	3,171	(24,829)	(28,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,913,806)	(4,773,393)	140,413
Fund Balance (Deficit) at Beginning of Year	1,127,315	1,127,315	0
Prior Year Encumbrances Appropriated	4,380,408	4,380,408	0
Fund Balance (Deficit) at End of Year	\$ 593,917	\$ 734,330	\$ 140,413

The accompanying notes are an integral part of these financial statements.

EXPENDABLE TRUST FUNDS				TOTALS (MEMORANDUM ONLY)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	
\$ 0	\$ 0	\$ 0	\$ 2,447,329	\$ 2,480,258	\$ 32,929	
0	0	0	7,667,278	7,643,681	(23,597)	
0	0	0	63,064	65,043	1,979	
0	0	0	193,006	193,006	0	
0	0	0	149,651	110,041	(39,610)	
0	0	0	24,362	20,485	(3,877)	
0	0	0	65,590	47,270	(18,320)	
0	0	0	338,261	338,769	508	
0	0	0	10,948,541	10,898,553	(49,988)	
0	0	0	6,969,072	6,814,894	154,178	
0	0	0	311,898	306,832	5,066	
0	0	0	469,038	449,574	19,464	
0	0	0	30,540	27,707	2,833	
0	0	0	873,257	854,504	18,753	
0	0	0	321,396	319,660	1,736	
0	0	0	1,439,799	1,403,549	36,250	
0	0	0	815,968	794,373	21,595	
0	0	0	410,521	403,792	6,729	
0	0	0	5,428,482	5,276,118	152,364	
0	0	0	207,057	207,057	0	
0	0	0	236,480	236,480	0	
0	0	0	17,513,508	17,094,540	418,968	
0	0	0	(6,564,967)	(6,195,987)	368,980	
0	0	0	40,131	40,131	0	
0	0	0	9,391	9,391	0	
0	0	0	3,368	3,368	0	
0	0	0	66,857	69,185	2,328	
0	0	0	(47,328)	(75,328)	(28,000)	
0	0	0	9,000	14,000	5,000	
0	0	0	(98,559)	(98,559)	0	
0	0	0	(17,140)	(37,812)	(20,672)	
0	0	0	(6,582,107)	(6,233,799)	348,308	
586	586	0	3,403,287	3,403,287	0	
0	0	0	4,986,037	4,986,037	0	
\$ 586	\$ 586	\$ 0	\$ 1,807,217	\$ 2,155,525	\$ 348,308	

RIDGEWOOD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues,
Expenses, and Changes in Fund Equity*
All Proprietary Fund Types

For the Year Ended June 30, 2003

	Proprietary Fund Types		
	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues</u>			
Sales	\$ 338,421	\$ 0	\$ 338,421
Other Operating Revenues	0	1,793,246	1,793,246
<i>Total Operating Revenues</i>	338,421	1,793,246	2,131,667
<u>Operating Expenses</u>			
Salaries	181,707	0	181,707
Fringe Benefits	139,939	0	139,939
Purchased Services	24,848	319,434	344,282
Materials and Supplies	77,223	0	77,223
Depreciation	28,446	0	28,446
Claims	0	1,352,082	1,352,082
<i>Total Operating Expenses</i>	452,163	1,671,516	2,123,679
Operating Income (Loss)	(113,742)	121,730	7,988
<u>Non-Operating Revenues (Expenses)</u>			
Operating Grants	159,653	0	159,653
Donated Commodities Revenue	55,556	0	55,556
Interest	181	0	181
<i>Total Non-Operating Revenues (Expenses)</i>	215,390	0	215,390
Income (Loss) Before Operating Transfers	101,648	121,730	223,378
Operating Transfers In	84,559	0	84,559
Net Income (Loss)	186,207	121,730	307,937
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	1,469	82,624	84,093
Retained Earnings/Fund Balance (Deficit) at End of Year	187,676	204,354	392,030
Contributed Capital at Beginning of Year	17,917	0	17,917
Total Fund Equity at End of Year	\$ 205,593	\$ 204,354	\$ 409,947

The accompanying notes are an integral part of these financial statements.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Combined Statement of Cash Flows
All Proprietary Fund Types

For the Year Ended June 30, 2003

	Enterprise	Internal Service	Totals (Memorandum Only)
Cash Flows From Operating Activities			
Cash Received from Customers	\$ 327,049	\$ 0	\$ 327,049
Transactions with Other Funds	0	1,866,839	1,866,839
Cash Paid for Goods and Services	(62,554)	(285,261)	(347,815)
Cash Paid to Employees	(318,221)	0	(318,221)
Cash Paid for Claims	0	(1,415,582)	(1,415,582)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(53,726)</u>	<u>165,996</u>	<u>112,270</u>
Cash Flows From Investing Activities			
Interest Income	181	0	181
<i>Net Cash Provided By (Used For) Capital Activities</i>	<u>181</u>	<u>0</u>	<u>181</u>
Cash Flows From Non-Capital Financing Activities			
Grants	159,653	0	159,653
Operating Transfers In	84,559	0	84,559
Advances In	45,000	0	45,000
Advances Out	(38,857)	0	(38,857)
<i>Net Cash Provided By (Used For) Non-Capital Activities</i>	<u>250,355</u>	<u>0</u>	<u>250,355</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of Property	(207,600)	0	(207,600)
<i>Net Cash Provided By (Used For) Capital Activities</i>	<u>(207,600)</u>	<u>0</u>	<u>(207,600)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,790)	165,996	155,206
Cash and Cash Equivalents at Beginning of Year	82,945	169,047	251,992
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 72,155</u>	<u>\$ 335,043</u>	<u>\$ 407,198</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities			
Operating Income (Loss)	\$ (113,742)	\$ 121,730	\$ 7,988
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Depreciation	28,446	0	28,446
Donated Commodities Revenue	55,556	0	55,556
(Increase) Decrease in Assets			
Accounts Receivable	0	73,593	73,593
Prepaid Items	226	34,173	34,399
Due from Other Governments	(6,407)	0	(6,407)
Inventory	(4,715)	0	(4,715)
Increase (Decrease) in Liabilities			
Accounts Payable	(6,194)	0	(6,194)
Accrued Wages and Benefits	2,570	0	2,570
Compensated Absences	855	0	855
Intergovernmental Payable	(5,356)	0	(5,356)
Deferred Revenue	(4,965)	0	(4,965)
Claims Payable	0	(63,500)	(63,500)
<i>Total Adjustments</i>	<u>60,016</u>	<u>44,266</u>	<u>104,282</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (53,726)</u>	<u>\$ 165,996</u>	<u>\$ 112,270</u>

The accompanying notes are an integral part of these financial statements.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Ridgewood Local School District (the District) was established for the purpose 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 an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 2002, was 1501. The District employs 113 certified and 64 non-certified employees.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Ridgewood Local School 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 organizations' 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 obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or 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. The District has no component units.

Management believes the financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the Ridgewood Local School District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Ridgewood Local School District has the following fund types and account groups:

GOVERNMENTAL FUND TYPES

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues (Exchange and Non-exchange Transactions) - Revenue resulting from exchange transactions, in which each party gives and received 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. For the District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the District received value without directly giving equal value in return, including property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 9.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures – Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects that are legally restricted to expenditure for specified purposes.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds.

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds.

PROPRIETARY FUND TYPES

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The fair value of donated commodities used during the period is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the board of education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with GASB pronouncements. Proprietary funds include the following fund types:

Enterprise Funds - used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - used to account for the financing of goods or services provided by one department or agency to governmental units, on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary fund types account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Agency Fund - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNT GROUPS

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary or trust funds.

General Long-term Obligations Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

(B) 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 combined balance sheet.

During fiscal year 2003, investments were limited to STAR Ohio and repurchase agreements.

Investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

Interest earned on investments is credited to the respective fund, except as stipulated by State statute or Board resolution. Interest income earned in fiscal year 2003 totaled \$65,224. Interest revenue was credited during fiscal year 2003 to the following funds: general; building and school facility construction capital projects funds; and food service enterprise fund. Interest assigned to the general fund from other funds amounted to \$2,797.

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, they have a maturity date no longer than three months.

(C) RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a reserve for the Bureau of Workers' Compensation refund. The BWC set-aside is reserved for the refunds from Bureau of Workers' Compensation. A fund balance reserve has also been established.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) **RECEIVABLES**

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

(E) **INVENTORIES AND SUPPLIES**

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

Reported inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

(F) **PREPAID EXPENSES**

The District uses the consumption method to account for prepaid expenses. Under the consumption method the prepaid items are recorded as an expenditure when used.

(G) **INTERFUND ASSETS/LIABILITIES**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables." Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. There are no long term interfund loans this fiscal year.

(H) **FIXED ASSETS AND DEPRECIATION**

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: buildings, 30 to 50 years; improvements, 30 to 50 years; equipment, including vehicles, 5 to 20 years.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) INTERGOVERNMENTAL REVENUES

For governmental funds, intergovernmental revenues such as entitlements and grants awarded on a non-reimbursement basis are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

ENTITLEMENTS

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

NON-REIMBURSABLE GRANTS

Special Revenue Funds

- Dwight D. Eisenhower
- Management Information Systems
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI
- Summer Intervention
- Entry Year Grant
- Title VI-B
- Drug Free Schools
- Data Communications
- School Net Professional Development
- Ohio Reads
- Safe School Helpline
- Title VI-R
- EHA Preschool

Capital Projects Funds

- Technology Equity
- Interactive Video Distance Learning

REIMBURSABLE GRANTS

General Fund

- Driver Education

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds
School Net

Proprietary Funds
National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to 71% of the District's governmental fund revenue during the 2003 fiscal year.

(J) **LONG-TERM LIABILITIES**

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group.

(K) **UNPAID COMPENSATED ABSENCES**

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of the proprietary type funds is reflected as a liability in the respective funds. The portion of unpaid compensated absences related to governmental fund type operations is reflected in the general long-term obligation account group.

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer 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. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

(L) **FUND EQUITY**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

(M) **CONTRIBUTED CAPITAL**

Contributed capital represents resources from other funds, other governments and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end. There was no change in contributed capital during this fiscal year.

Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amounts of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(N) **TOTAL COLUMNS**

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

(O) **ESTIMATES**

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

(P) **FUND BALANCE RESERVES AND DESIGNATIONS**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, prepaid expenses, and Bureau of Workers' Compensation refunds. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

NOTE 3 - BUDGETARY PROCESS

(A) **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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Budgetary modifications, which change total fund appropriations, may only be made by resolution of the Board of Education. Budgetary statements are not presented for proprietary fund types.

(B) **BUDGETARY BASIS**

Tax Budget

A budget of estimated revenue and expenditures is submitted to the Coshocton County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 3 – BUDGETARY PROCESS (Continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying “Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types” do not include July 1, 2003 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying “Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types” represent the final appropriation amounts including all amendments and modifications.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 3 – BUDGETARY PROCESS (Continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the Non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent-year expenditures.

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the “Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types” is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP Basis) are that:

- 1) Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
- 2) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).
- 3) The district repays debt from the debt service fund (budget non-GAAP basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 3 – BUDGETARY PROCESS (Continued)

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)
Reconciliation of Budget Basis to GAAP Basis

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$ (1,378,709)	\$ (84,430)	\$ 2,733	\$ (4,773,393)	\$ 0
Revenue accruals	(96,228)	33,155	(1,314)	(3,676)	0
Expenditure accruals	119,505	18,396	0	945,022	0
Encumbrances	475,186	58,146	0	199,356	0
GAAP basis, as reported	<u>\$ (880,246)</u>	<u>\$ 25,267</u>	<u>\$ 1,419</u>	<u>\$ (3,632,691)</u>	<u>\$ 0</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

The Ridgewood Local School District maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Equivalents."

(A) **LEGAL REQUIREMENTS**

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

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Protection of 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.

Interim monies can 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 exceeds the principal value of the agreement by at least two percent and be marked to market daily with the term of the agreement not exceeding thirty days;
- 4) Bonds and other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 6) The State Treasurer's investment pool (STAR Ohio);
- 7) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days 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 rating classifications by at least two nationally recognized rating agencies.

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 Ridgewood Local School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific 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.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

(B) DEPOSITS

At year-end, the carrying amount of the Ridgewood Local School District deposits was \$1,918,262 and the bank balance was \$2,048,252.

(1) \$200,000 of the bank balance was covered by federal depository insurance.

(2) \$1,848,252 was uninsured and uncollateralized. Although the State statutory requirements for the deposit of money had been followed, non-compliance with the federal requirements could potentially subject the District to a successful claim by the FDIC.

(C) INVESTMENTS

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name. The District's investments in STAROhio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

Statutory provisions require that all securities acquired by the District be held by the District treasurer or deposited with a qualified trustee. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counterpart is a designated depository of the District for the current period of designation of depositories, in which case the securities may be held in trust by the depository.

	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreements	<u>\$ 610,420</u>	\$ 610,420
Investment in State Treasurer's Investment Pool		<u>869,771</u>
Total Investments		<u>\$ 1,480,191</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 3,398,453	\$ 0
Repurchase Agreements	(610,420)	610,420
STAROhio	(869,771)	869,771
	<u> </u>	<u> </u>
GASB Statement No. 3	<u>\$ 1,918,262</u>	<u>\$ 1,480,191</u>

NOTE 5 - RECEIVABLES

Receivables at June 30, 2003, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of principal items of intergovernmental receivables is as follows:

Fund	Amount
<i>Special Revenue</i>	
Title I	\$ 21,269
Title II-A	203
Title II-D	2,328
	<u>23,800</u>
<i>Capital Projects</i>	
Classroom Facilities Grant	24,367
<i>Food Service</i>	20,494
	<u> </u>
	<u>\$ 68,661</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 6 - FIXED ASSETS AND ACCUMULATED DEPRECIATION

(A) *GENERAL FIXED ASSETS ACCOUNT GROUP*

The changes in general fixed assets during the year consisted of:

	Balance July 1, 2002	Additions	Disposals	Balance June 30, 2003
Land and Improvements	\$ 128,195	\$ 0	\$ 0	\$ 128,195
Buildings	3,989,876	20,496,846	0	24,486,722
Improvements other than Buildings	367,487	0	0	367,487
Furniture and Equipment	2,083,896	686,600	(1,150)	2,769,346
Vehicles	1,209,107	51,250	(33,301)	1,227,056
Construction in progress	16,097,538	0	(16,097,538)	0
	<u>\$ 23,876,099</u>	<u>\$ 21,234,696</u>	<u>\$(16,131,989)</u>	<u>\$ 28,978,806</u>

(B) *PROPRIETARY FUND TYPE FIXED ASSETS*

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	<u>Balance June 30, 2003</u>
Equipment	\$ 393,079
Accumulated depreciation	<u>(191,759)</u>
Net fixed assets	<u>\$ 201,320</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 7 – GENERAL LONG TERM DEBT OBLIGATIONS

	Outstanding July 1, 2002	Additions	Reductions	Outstanding June 30, 2003
General Obligation Bonds:				
May 1999 Bond Issue				
5.85% due 12/1/2024	\$ 1,270,000	\$ 0	\$ 30,000	\$ 1,240,000
November 1999 Bond Issue				
5.85% due 12/1/2022	2,685,000	0	70,000	2,615,000
	3,955,000	0	100,000	3,855,000
Energy Conservation Loan at 6.1%	101,057	0	101,057	0
OASBO Loan Payable	0	300,000	6,000	294,000
Capital lease payable	11,778	35,731	15,241	32,268
Compensated Absences:				
Accrued vacations	26,332	41,714	26,332	41,714
Accrued sick leave benefits	489,940	101,409	0	591,349
	516,272	143,123	26,332	633,063
Accrued SERS/STRS	99,979	125,983	105,065	120,897
	\$ 4,684,086	\$ 604,837	\$ 353,695	\$ 4,935,228

The Ridgewood Local School District is obligated under one equipment lease accounted for as a capital lease. The leased asset and related obligation is accounted for in the General Fixed Asset Account Groups and the General Long-Term Debt Obligation Account Groups, respectively. The asset under capital lease totaled \$43,597 at June 30, 2003. The lease is in effect through fiscal year 2008.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 7 – GENERAL LONG TERM DEBT OBLIGATIONS (Continued)

The following is a schedule of future minimum lease payments under capital lease together with the net present value of the minimum lease payments as of June 30, 2003.

Year Ending June 30	Amount
2004	\$ 8,719
2005	8,719
2006	8,719
2007	8,719
2008	3,634
Total minimum lease payment	38,510
Less amount representing interest	6,242
Net present value of minimum lease payments	\$ <u>32,268</u>

General obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the District.

The annual requirement to amortize all bond and note debt outstanding as of June 30, 2003 including interest payments of \$2,931,070 is as follows:

Year Ending June 30	General Obligation Bonds
2004	\$ 347,835
2005	361,542
2006	354,750
2007	347,957
2008	350,916
Thereafter	5,317,070
Total	\$ <u>7,080,070</u>

The School District's overall legal debt margin was \$8,850,325 with an un-voted debt margin of \$4,701,325 at June 30, 2003.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE - 8 CONTRACTUAL COMMITMENTS

As of June 30, 2003, the District had contractual commitments for the following:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 6/30/2003</u>
Peterman Plg & Heating, Inc Central Office	\$ 52,572	\$ 50,388	\$ 2,184
Johnson Plumbing Elementary School HVAC	1,034,471	1,019,767	14,704
Raeder Construction Central Office	<u>206,417</u>	<u>198,221</u>	<u>8,196</u>
Totals	<u>\$ 1,293,460</u>	<u>\$ 1,268,376</u>	<u>\$ 25,084</u>

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Coshocton, Guernsey, and Tuscarawas County Auditors are responsible for assessing and remitting these property taxes to the District.

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Auditors reappraise real property every six years with a triennial update. The last update for Coshocton and Guernsey Counties was completed in 2003 and Tuscarawas County was completed in 1998. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Coshocton, Guernsey, and Tuscarawas County, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 2001 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$43.00 per \$1,000 of valuation in each county. The effective rate applied after adjustment for inflationary increases in property values was \$26.61 per \$1,000 of assessed valuation for residential and agricultural real property and the effective rate applied after adjustment for inflationary increases in property values was \$26.48 per \$1,000 of assessed valuation for other real property in each county.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2001 was \$43.00 per \$1,000 of valuation.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 9 - PROPERTY TAXES (Continued)

The property valuation in each county consisted of:

	<u>Coshocton County</u>	<u>Guernsey County</u>	<u>Tuscarawas County</u>
Real Property			
Valuation Year - 2002			
Residential/Agricultural	\$ 72,071,720	\$ 1,463,460	\$ 1,307,980
Commercial/Industrial	10,632,510	316,830	0
Public Utilities	324,470	0	0
Minerals	872,470	33,550	11,780
Tangible Personal Property			
Valuation Year - 2003			
General	4,009,643	40,680	14,050
Public Utilities	<u>6,646,120</u>	<u>401,460</u>	<u>190,220</u>
Total Valuation	\$ <u>94,556,933</u>	\$ <u>2,255,980</u>	\$ <u>1,524,030</u>

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amounts available to the District as advances at June 30, 2003, were as follows:

County	Advance Amount
Coshocton County	\$ 64,310
Gurnsey County	25,156
Tuscarawas County	<u>737</u>
Total Advances	\$ <u>90,203</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 10 - PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$205,332, \$197,424, and \$187,536, respectively; 51% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$101,568 represents the unpaid contribution for fiscal year 2003, and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 10 - PENSION PLANS (Continued)

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$619,212, \$607,704, and \$600,672, respectively; 84% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$99,816 represents the unpaid contribution for fiscal year 2003, and is recorded as a liability within the respective funds.

NOTE 11 – POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$44,229 during the 2003 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, the health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2003, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$163,125.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS had approximately 50,000 participants currently receiving health care benefits.

NOTE 12 - NON-CASH TRANSACTIONS

The District receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$55,556.

NOTE 13 - INTERFUND ACTIVITY

As of June 30, 2003, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 47,328	\$ 0
Special Revenue Funds	0	2,328
Enterprise Funds		
Uniform Supplies	<u>0</u>	<u>45,000</u>
	<u>\$ 47,328</u>	<u>\$ 47,328</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service and uniform school supplies. Segment information related to these follows:

	<u>Food Services</u>	<u>Uniform Supplies</u>	<u>Total</u>
Operating revenues	\$ 307,264	\$ 31,157	\$ 338,421
Operating expenses			
Salaries and wages	181,707	0	181,707
Fringe benefits	139,939	0	139,939
Purchased services	24,848	0	24,848
Materials and supplies	32,921	44,302	77,223
Depreciation	28,446	0	28,446
Total operating expenses	<u>407,861</u>	<u>44,302</u>	<u>452,163</u>
Operating loss	(100,597)	(13,145)	(113,742)
Non-operating revenues, net	215,390	0	215,390
Net operating transfers	<u>80,000</u>	<u>4,559</u>	<u>84,559</u>
Net loss	<u>\$ 194,793</u>	<u>\$ (8,586)</u>	<u>\$ 186,207</u>
Other information			
Net working capital	<u>\$ 21,101</u>	<u>\$ (16,828)</u>	<u>\$ 4,273</u>
Fixed assets, net	<u>\$ 201,320</u>	<u>\$ 0</u>	<u>\$ 201,320</u>
Total assets	<u>\$ 288,065</u>	<u>\$ 28,172</u>	<u>\$ 316,237</u>
Total equity	<u>\$ 222,421</u>	<u>\$ (16,828)</u>	<u>\$ 205,593</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2003

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

The OME-RESA is a jointly governed organization comprised of 49 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports OME-RESA based upon a per pupil charge dependent upon the software package utilized. The OME-RESA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. OME-RESA is governed by a board of directors chosen from the general membership of the OME-RESA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Jefferson County Educational Service Center, which serves as fiscal agent, located at Steubenville, Ohio. During the year ended June 30, 2003, the District paid approximately \$30,220 to OME-RESA for basic service charges.

NOTE 16 - RISK MANAGEMENT

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. The District has a comprehensive property and casualty policy, with Indiana Insurance in the amount of \$38,407,285. The deductible is \$1,000 per incident on property and equipment. All vehicles are also insured with Indiana Insurance and have a \$250 deductible for comprehensive and a \$500 deductible for collision. The District has a violence coverage policy with the Ohio School Plan. The limits to this coverage are \$1,000,000 per occurrence and \$1,000,000 per aggregate. All board members, administrators, and employees are covered under school district liability policies with The Ohio School Plan. The limits of this coverage are \$2,000,000 per occurrence and \$4,000,000 per aggregate. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The board president and superintendent have a \$20,000 position bond with Travelers Casualty and Surety Company of America. The treasurer is covered under a surety bond in the amount of \$50,000. This bond is provided by the Nationwide Insurance Company.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System. This rate is calculated based on accident history and administrative costs. The group presently consists of 366 school districts.

The District is self-insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$35,000. The liability for unpaid claims cost of \$131,200 is reported in the fund at June 30, 2003 in accordance with Government Accounting Standards Board Statement No. 10.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 16 - RISK MANAGEMENT (Continued)

Changes in the fund's claim liability for 2002 and 2003 are listed below.

		Balance at Beginning of Year	Claims	Payments	Balance at End of Year
2002	\$	196,000	\$ 1,506,395	\$ 1,507,695	\$ 194,700
2003	\$	194,700	\$ 1,190,080	\$ 1,253,580	\$ 131,200

NOTE 17 - CONTINGENCIES

(A) **GRANTS**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2003.

(B) **LITIGATION**

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

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 18 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	Textbook Reserve	Capital Acquisition	BWC Reserve	Total
Set aside cash balances as of June 30, 2002	\$ 0	\$ 0	\$ 42,320	\$ 42,320
Current year set aside requirement	179,006	179,006	0	358,012
Current year offsets	0	(4,063,475)	0	(4,063,475)
Current year qualifying disbursements	(278,464)	(434,074)	0	(712,538)
Prior year excess qualifying disbursements	(142,979)	0	0	(142,979)
Total	\$ (242,437)	\$ (4,318,543)	\$ 42,320	\$ (4,518,660)
Amount available for carryforward to FY 2004	\$ (242,437)	\$ (4,020,149)	\$ 0	\$ (4,262,586)
Cash balance carried forward to FY 2004	\$ 0	\$ 0	\$ 42,320	
Summary of Restricted Assets				
Reserve for BWC Refunds			\$ 42,320	

Effective April 10, 2001, the Ohio legislature passed Am. Sub. Senate Bill 345, which addressed H.B. 412 set-aside requirements. The requirement for establishment of a budget reserve set-aside has been deleted from the law. A district may still establish a reserve, if it so chooses; however, the requirement is no longer mandatory. Monies in the budget reserve set-aside as of April 10, 2001 are classified in two categories: (1) Bureau of Workers' Compensation (BWC) refunds and (2) the balance of the reserve which does not represent BWC refunds. The statute includes specific purposes for which the monies representing BWC refunds can be used. The monies which do not represent BWC refunds may be left in the budget reserve set-aside, transferred to the Classroom Facilities Fund, or returned to the General fund and used at the discretion of the of the District's Board of Education. The District has elected to maintain the budget reserve until a future determination on the use of the funds can be made. The amount of the former budget stabilization reserve identified as Bureau of Workers' Compensation refunds is now classified as Reserve for BWC Refunds and the remaining balance has been returned to unreserved, undesignated general fund.

The District had qualifying disbursements in the textbook set-aside and debt related offsets in the capital acquisition set-aside during the year that reduced the set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future years.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements
June 30, 2003

NOTE 19 - STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "the Ohio General Assembly to enact a school funding scheme that is thorough and efficient".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 5, 2003

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

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the general purpose financial statements of Ridgewood Local School District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 5, 2003. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ridgewood Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 5, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Ridgewood Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 5, 2003.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 5, 2003

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

**Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Ridgewood Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Ridgewood Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ridgewood Local School District's management. Our responsibility is to express an opinion on Ridgewood Local School District's compliance based on our audit.

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

In our opinion, Ridgewood Local School District complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Ridgewood Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ridgewood Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the general purpose financial statements of Ridgewood Local School District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 5, 2003. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of Ridgewood Local School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

Rea & Associates, Inc.

RIDGEWOOD LOCAL SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Receipts</u>	<u>Federal Disbursements</u>	<u>Non-Cash Disbursements</u>
US Department of Agriculture (Passed Through Ohio Department of Education): Nutrition Cluster:					
Food Distribution Program - Non-Cash	10.550	N/A	\$ 55,556	\$ 0	\$ 53,886
School Breakfast Program	10.553	N/A	14,002	14,002	
National School Lunch Program	10.555	N/A	132,218	132,218	0
Total Department of Agriculture - Nutrition Cluster			201,776	146,220	53,886
US Department of Education (Passed Through Ohio Department of Education):					
Title I	84.010	046474-C1S1-02	25,595	46,447	0
		046474-C1S1-03	297,150	229,553	0
Total Title I			322,745	276,000	0
Chapter II	84.298	046474-C2-S1-99	0	8	0
		046474-C2-S1-00	0	3,184	0
		046474-C2-S1-01	6,070	2,476	0
Total Chapter II			6,070	5,668	0
Special Education Cluster:					
Title VI-B	84.027	046474-6BSF-02P	1,440	21,582	0
		046474-6BSF-03P	170,641	143,031	0
Total Title VI-B			172,081	164,613	0
Preschool Incentive	84.173	046474-PGS1-02P	(96)	4,274	
	84.173	046474-PGS1-03P	11,205	11,205	0
Total Preschool Incentive			11,109	15,479	
Total Special Education Cluster			183,190	180,092	0
Drug Free School Grant	84.186	046474 DR-S1-01	6,201	6,201	0
Eisenhower Math & Science	84.281	046474-MS-S1-00	0	71	0
		046474-MS-S1-01	7,657	7,610	0
Total Eisenhower Math & Science			7,657	7,681	0
Technology Literacy Challenge Grant	84.318	046474-TF-VM -01P	3,792	3,752	0
Title VI-R	84.340	046474-CR-S1-00	0	10,600	0
		046474-CR-S1-01	39,550	22,091	0
Total Title VI-R			39,550	32,691	0
Total Department of Education			569,205	512,085	0
Total Federal Assistance			\$ 770,981	\$ 658,305	\$ 53,886

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

Note B - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Moneys are commingled with State grants. It is assumed federal moneys are expended first. At June 30, 2001, the District had no significant food commodities inventory.

RIDGEWOOD LOCAL SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #10.550, #10.553, #10.555 Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Betty Montgomery**

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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
FEBRUARY 10, 2004**