

RIDGEWOOD LOCAL SCHOOL DISTRICT
ANNUAL AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701



Mary Taylor, CPA
Auditor of State

Board of Education
Ridgewood Local School District
301 South Oak Street
West Lafayette, Ohio 43845

We have reviewed the *Independent Auditors' Report* of the Ridgewood Local School District, Coshocton County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 22, 2008

This Page is Intentionally Left Blank.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management Discussion and Analysis.....	2
Government-wide Financial Statements:	
Statement of Nets Assets.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Governmental Funds	
Balance Sheet.....	12
Reconciliation of Total Government Fund Balances to Net Assets of Governmental Activities.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	16
Proprietary Funds	
Statement of Net Assets.....	17
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	18
Statement of Cash Flows.....	19
Fiduciary Funds	
Statement of Fiduciary Net Assets.....	20
Notes to the Financial Statements.....	21
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By Government Auditing Standards.....	43
Independents Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	45
Schedule of Findings and Questioned Costs.....	47
Schedule of Federal Awards.....	49
Notes to Schedule of Federal Awards.....	50

This Page is Intentionally Left Blank.

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgewood Local School District, Coshocton County as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgewood Local School District, Coshocton County as of June 30, 2007, and the respective changes in financial position and cash flows and the respective budgetary comparison for the General Fund for the year then ended in conformity generally accepted accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2007, on our consideration of Ridgewood Local School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 30, 2007

Ridgewood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The discussion and analysis of Ridgewood Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2007 are as follows:

- In total, net assets decreased by \$48,597.
- Revenues for governmental activities totaled \$12,341,537 during 2007. Of this total, 85 percent consisted of General revenues while Program revenues accounted for the balance of 15 percent.
- Program expenses totaled \$12,390,134. Instructional expenses made up 55 percent of this total while support services accounted for 36 percent. Other expenses rounded out the remaining 9 percent.

Using this Annual Financial Report

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

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Ridgewood Local School District, the general fund and the bond retirement fund are the most significant funds.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2007?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all Non-Fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Ridgewood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the *Statement of Net Assets* and the *Statement of Activities*, the School District is classified into governmental activities. All of the School District's Non-Fiduciary programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service, extracurricular activities and interest and fiscal charges.

Reporting the School District's Most Significant Funds

Governmental Funds

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriation budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 12.

Proprietary Funds

The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Proprietary funds use full accrual accounting. The proprietary fund financial statements begin on page 17.

Fiduciary Funds

These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to proprietary funds. The fiduciary fund financial statements begin on page 20.

Ridgewood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21.

The School District as a Whole

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

Table 1
Net Assets

	<i>Governmental Activities</i>	
	<u>2007</u>	<u>2006</u>
Assets		
Current and Other Assets	\$7,717,460	\$6,989,636
Capital Assets, Net	18,223,263	18,983,020
Total Assets	<u>25,940,723</u>	<u>25,972,656</u>
Liabilities		
Current and Other Liabilities	3,760,864	3,728,665
Long-term Liabilities:		
Due Within One Year	265,259	169,956
Due in More than One Year	4,241,901	4,352,739
Total Liabilities	<u>8,268,024</u>	<u>8,251,360</u>
Net Assets		
Invested in Capital Assets, Net of Debt	14,598,703	15,213,389
Restricted for Debt Service	395,399	299,797
Restricted for Capital Outlay	146,118	236,266
Restricted for Other Purposes	721,821	796,716
Restricted for Set Asides	97,097	154,984
Unrestricted	1,713,561	1,020,144
Total Net Assets	<u>\$17,672,699</u>	<u>\$17,721,296</u>

Total assets increased by \$31,933. The majority of the increase can be attributed to cash increasing due to increased property tax collections during fiscal year 2007 offset by a decrease in depreciable net assets.

Total liabilities increased by \$16,664. This increase can be attributed mainly to the increased deferred revenues due to decreased amounts available for advances on property taxes at June 30, 2007 and increased matured compensated absences payable.

By comparing assets and liabilities, one can see the overall position of the School District is stable and continues to thrive.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$10,480,009 or 85 percent of the total revenue. The most significant portion of general revenues is local property tax and state support. The remaining amount of revenue received was in the form of program revenues, which equated to \$1,861,528 or 15 percent of total revenue.

Ridgewood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 2 shows the changes in net assets and compares revenue and expenses from fiscal year 2007 to fiscal year 2006. A comparative analysis of government-wide data is presented.

Table 2
Changes in Net Assets

	<i>Governmental Activities 2007</i>	<i>Governmental Activities 2006</i>
Revenues		
Program Revenues:		
Charges for Services	\$753,637	\$683,319
Operating Grants and Contributions	1,107,891	1,337,242
Capital Grants and Contributions	0	24,455
<i>Total Program Revenues</i>	1,861,528	2,045,016
General Revenues:		
Property Taxes	2,745,426	2,736,211
Grants and Entitlements	7,432,366	6,761,574
Investments	254,262	150,178
Miscellaneous	47,955	65,566
<i>Total General Revenues</i>	10,480,009	9,713,529
<i>Total Revenues</i>	12,341,537	11,758,545
Program Expenses		
Instruction		
Regular	5,730,922	5,819,415
Special	890,504	949,580
Vocational	216,991	186,737
Other	53,791	31,697
Support Services:		
Pupil	431,916	436,389
Instructional Staff	561,823	526,692
Board of Education	11,406	16,343
Administration	806,885	952,524
Fiscal	275,012	328,468
Operation and Maintenance	1,614,507	1,373,457
Pupil Transportation	709,811	844,714
Operating of Non-Instructional Services	547,022	538,389
Extracurricular Activities	335,725	327,643
Debt Service:		
Interest and Fiscal Charges	203,819	235,613
<i>Total Program Expenses</i>	12,390,134	12,567,661
<i>Decrease in Net Assets</i>	(48,597)	(809,116)
<i>Net Assets Beginning of Year (Restated – Note 3)</i>	17,721,296	18,435,422
<i>Net Assets End of Year</i>	\$17,672,699	\$17,626,306

Ridgewood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

As one can see, approximately 55 percent of the School Districts expense is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass an additional 36 percent. The remaining amount of program expenses, 9 percent, is to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and numerous extracurricular activities.

The Statement of Activities shows the total net cost of program services. Table 3 shows a comparative of the total cost of services for governmental activities and the net cost of those services for fiscal year 2007 to fiscal year 2006. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements. Comparisons of 2007 to 2006 have been made in Table 3.

Table 3
Governmental Activities

Table 3
Governmental Activities

	<i>Total Cost of Services 2007</i>	<i>Net Cost of Services 2007</i>	<i>Total Cost of Services 2006</i>	<i>Net Cost of Services 2006</i>
Instruction				
Regular	\$5,730,922	\$5,299,680	\$5,819,415	\$5,484,951
Special	890,504	545,761	949,580	277,636
Vocational	216,991	216,991	186,737	132,284
Other	53,791	53,791	31,697	31,697
Support Services:				
Pupils	431,916	421,406	436,389	431,435
Instructional Staff	561,823	284,867	526,692	314,248
Board of Education	11,406	11,406	16,343	16,343
Administration	806,885	760,268	952,524	878,521
Fiscal	275,012	275,012	328,468	328,468
Operation and Maintenance	1,614,507	1,614,507	1,373,457	1,373,457
Pupil Transportation	709,811	693,323	844,714	835,747
Operation of Non-Instructional Services	547,022	(45,338)	538,389	(8,736)
Extracurricular Activities	335,725	193,113	327,643	190,981
Interest and Fiscal Charges	203,819	203,819	235,613	235,613
Total	\$12,390,134	\$10,528,606	\$12,567,661	\$10,522,645

The dependence upon general revenues in the form of property taxes and grant and entitlements not restricted to specific programs is apparent. Program revenues only account for 15 percent of all

Ridgewood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

governmental expenses. Program revenues include charges for services, grants and contributions that are program specific.

The School District is primarily state funded. As a rural agricultural/residential area, the district has a minimal commercial/industrial tax base.

The School District's Funds

Information regarding the School District's major funds can be found on page 22&23 of the notes to the basic financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$15,462,069 and expenditures and other financing uses totaled \$14,969,449. The General Fund balance increased \$584,516 and the bond retirement fund increased 103,797.

General Fund Budgeting Highlights

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

For the general fund, final budget basis revenue including other financing sources was \$10,012,375 over original budget estimates of \$9,681,875. Most of the increase can be attributed to increase property tax collections.

Final appropriations including other financing uses of \$9,922,551 were \$449,459 higher than the \$9,473,092 in the original budget. The largest part of the increase was due to increases in support services for pupils and instructional staff.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the School District had \$18,223,263 invested in land, buildings, and equipment. Table 4 shows fiscal year 2007 balances compared with 2006.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	<i>Governmental Activities</i>	
	<i>2006</i>	<i>2006</i>
Land	\$194,966	\$194,966
Land Improvements	2,054,262	2,054,262
Buildings and Improvements	21,407,236	21,407,236
Furniture and Fixtures	3,291,602	3,291,602
Vehicles	1,111,307	1,120,857
Textbooks	946,816	946,816
Accumulated Deprecation	(10,782,926)	(10,032,719)
<i>Totals</i>	\$18,223,263	\$18,983,020

Ridgewood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The \$759,757 decrease in capital assets reflects depreciation exceeding additional purchases.

Debt

At June 30, 2007 the School District had \$3,381,716 in bonds outstanding with \$170,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at June 30

	<i>Governmental Activities</i>	
	<i>2007</i>	<i>2006</i>
General Obligation Bonds	\$3,335,000	\$3,500,000
Capital Appreciation Bonds	46,716	0
<i>Totals</i>	\$3,381,716	\$3,500,000

Current Issues

Ridgewood School District is primarily state funded. The School District anticipates that state funding will remain about the same for fiscal year 2008 as what was received in 2007 and it is still uncertain what its enrollment will be for future years. Electronic schools are becoming more popular as an alternative to traditional public education. The School District has a historical trend of a net loss of students through open enrollment. As programs and course offerings are reduced, the School District may lost more students through these alternative forms of education.

Recent Levy History

May 6, 2003 – 1% income continuing operating levy –
 1,486 votes cast. 929 against the levy (63%) to 557 for the levy (37%).
 The levy was defeated by 372 votes.

November 4, 2003 – combination replacement 7.8 mill and additional
 4.2 mill five year operating levy –
 2815 votes cast. 2,125 against the levy (75%) to 690 for the levy (25%).
 The levy was defeated by 1,435 votes.

March 2, 2004 – 7.8 mill five year operating levy renewed –
 Tax year 2004-2008 and collections for calendar years 2005-2009.
 2,561 votes cast. 1,180 against the levy (46%) to 1,381 for the levy (54%).
 The levy passed by 201 votes.

August 3, 2004 – ½% five year income tax operating levy –
 1,703 votes cast. 1,236 votes against the levy (73%) to 467 votes for the levy (27%).
 The levy was defeated by 769 votes.

November 2, 2004 – ¼% five year income tax operating levy on the ballot levy did not pass.

Ridgewood Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Due to plant closings and layoffs we may experience high delinquencies. Operating levies in the district are all continuing except one, the 7.8 mill 5 year operating levy. This levy was most recently renewed on March 2, 2004, for collection in calendar years 2005-2009.

State funding is crucial to the School District. A very important aspect of state revenue is not just the publicized increases but how of the increases are restricted and how much are unrestricted. When local valuation increases (6 year revaluation tax year 2003, collection fiscal year 2004) state funding decreases more than local funding increases. Local increases are limited to the 4.7 inside mills and new construction. GAP aid decreases if additional levies are passed.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 which passed in 1976. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00 annually in taxes. Thus, the School District's dependency upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. This has been made increasingly difficult with mandates and gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property, liability, and fleet insurance.

From a state perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997, to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable." It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

Another concern of the School District will be the State Legislative approval of the biennial budget, effective July 1, 2007. How the legislature plans to fund education programs during a weakened economy remains a concern.

Contacting the School District's Financial Management

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

Ridgewood Local School District

Statement of Net Assets

June 30, 2007

	<u>Governmental</u> <u>Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,806,077
Inventory Held for Resale	16,270
Intergovernmental Receivable	184,519
Prepaid Items	49,686
Taxes Receivable	2,598,406
Noncurrent Assets:	
Deferred Charges	62,502
Non-Depreciable Capital Assets	194,966
Depreciable Capital Assets, net	18,028,297
Total Assets	<u>25,940,723</u>
Liabilities	
Accounts Payable	34,787
Accrued Wages and Benefits	959,014
Intergovernmental Payable	264,218
Accrued Interest Payable	22,339
Matured Compensated Absences Payable	89,000
Deferred Revenue	2,321,840
Claims Payable	69,666
Long-Term Liabilities:	
Due Within One Year	265,259
Due in More Than One Year	4,241,901
Total Liabilities	<u>8,268,024</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	14,598,703
Restricted for Debt Service	395,399
Restricted for Capital Outlay	146,118
Restricted for Other Purposes	721,821
Restricted for Set Asides	97,097
Unrestricted	1,713,561
Total Net Assets	<u>\$17,672,699</u>

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	<u>Program Revenues</u>			<i>Net (Expenses) Revenue and Changes in Net Assets</i>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Instruction:				
Regular	\$5,730,922	\$295,624	\$135,618	(\$5,299,680)
Special	890,504	36,223	308,520	(545,761)
Vocational	216,991	0	0	(216,991)
Other	53,791	0	0	(53,791)
Support Services:				
Pupils	431,916	0	10,510	(421,406)
Instructional Staff	561,823	695	276,261	(284,867)
Board of Education	11,406	0	0	(11,406)
Administration	806,885	0	46,617	(760,268)
Fiscal	275,012	0	0	(275,012)
Operation and Maintenance of Plant	1,614,507	0	0	(1,614,507)
Pupil Transportation	709,811	10,737	5,751	(693,323)
Operation of Non-Instructional Services	547,022	267,746	324,614	45,338
Extracurricular Activities	335,725	142,612	0	(193,113)
Debt Service:				
Interest and Fiscal Charges	203,819	0	0	(203,819)
Totals	<u>\$12,390,134</u>	<u>\$753,637</u>	<u>\$1,107,891</u>	<u>(10,528,606)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	2,386,885
Debt Service Fund	358,541
Grants and Entitlements not Restricted to Specific Program:	7,432,366
Investment Earnings	254,262
Miscellaneous	47,955
Total General Revenues	<u>10,480,009</u>
Change in Net Assets	(48,597)
Net Assets Beginning of Year (Restated - See Note 3)	<u>17,721,296</u>
Net Assets End of Year	<u><u>\$17,672,699</u></u>

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District

*Balance Sheet
Governmental Funds
June 30, 2007*

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<i>Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$3,184,684	\$388,453	\$915,289	\$4,488,426
Restricted Cash and Cash Equivalents	42,320	0	0	42,320
Inventory Held for Resale	0	0	16,270	16,270
Interfund Receivable	2,762	0	0	2,762
Intergovernmental Receivable	0	0	184,519	184,519
Prepaid Items	49,686	0	0	49,686
Taxes Receivable	2,244,230	312,485	41,691	2,598,406
Advances to Other Funds	50,000	0	0	50,000
<i>Total Assets</i>	\$5,573,682	\$700,938	\$1,157,769	\$7,432,389
<i>Liabilities</i>				
Accounts Payable	\$16,536	\$0	\$18,251	\$34,787
Accrued Wages and Benefits	857,916	0	101,098	959,014
Intergovernmental Payable	226,396	0	37,822	264,218
Interfund Payable	0	0	2,762	2,762
Matured Compensated Absences Payable	89,000	0	0	89,000
Deferred Revenue	2,165,930	301,585	129,223	2,596,738
Advances from Other Funds	0	0	50,000	50,000
<i>Total Liabilities</i>	3,355,778	301,585	339,156	3,996,519
<i>Fund Balances</i>				
Reserved for Encumbrances	195,429	0	164,412	359,841
Reserved for Advances	50,000	0	0	50,000
Reserved for Property Taxes	76,672	13,984	0	90,656
Reserved for BWC Refunds	42,320	0	0	42,320
Unreserved				
Designated for Budget Stabilization	54,777	0	0	54,777
Undesignated, Reported in:				
General Fund	1,798,706	0	0	1,798,706
Special Revenue Funds	0	0	515,775	515,775
Debt Service Fund	0	385,369	0	385,369
Capital Projects Funds	0	0	138,426	138,426
<i>Total Fund Balances</i>	2,217,904	399,353	818,613	3,435,870
<i>Total Liabilities and Fund Balances</i>	\$5,573,682	\$700,938	\$1,157,769	\$7,432,389

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2007*

Total Governmental Fund Balances \$3,435,870

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 18,223,263

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

Grants	127,510	
Property Taxes	147,388	
Total		274,898

In the statement of activities, interest is accrued on outstanding
 capital leases and bonds, whereas in governmental funds, an
 interest expenses is reported when due. (22,339)

In the statement of activities, bond issuance cost are amortized
 over the life of the bonds, whereas in governmental funds, a
 bond issuance expense is reported when paid. 62,502

Long-term liabilities, including compensated absences, are not due
 and payable in the current period and therefore are
 not reported in the funds.

General Obligation Bonds	(560,000)	
Refunded General Obligation Bonds	(2,837,505)	
Capital Appreciation Bonds	(46,716)	
Compensated Absences	(813,379)	
Capital Leases Payable	(249,560)	
Total		(4,507,160)

An internal service fund is used by management to charge the
 costs of insurance to individual funds. The assets and liabilities
 of the internal service fund are included in governmental
 activities in the statement of net assets. 205,665

Net Assets of Governmental Activities \$17,672,699

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	\$2,356,082	\$361,277	\$45,895	\$2,763,254
Intergovernmental	7,342,164	41,236	1,138,344	8,521,744
Interest	222,423	11,275	20,564	254,262
Tuition and Fees	252,949	0	39,248	292,197
Extracurricular Activities	0	0	140,034	140,034
Gifts and Donations	900	0	12,253	13,153
Customer Sales and Services	10,737	0	263,142	273,879
Miscellaneous	43,183	3,600	34,579	81,362
Total Revenues	<u>10,228,438</u>	<u>417,388</u>	<u>1,694,059</u>	<u>12,339,885</u>
Expenditures				
Current:				
Instruction:				
Regular	4,813,768	0	211,075	5,024,843
Special	631,431	0	264,708	896,139
Vocational	213,348	0	0	213,348
Other	53,791	0	0	53,791
Support Services:				
Pupils	424,125	0	8,001	432,126
Instructional Staff	312,792	0	243,503	556,295
Board of Education	11,406	0	0	11,406
Administration	725,158	0	78,294	803,452
Fiscal	269,622	8,853	1,127	279,602
Operation and Maintenance of Plant	1,190,590	0	362,033	1,552,623
Pupil Transportation	744,511	0	7,035	751,546
Operation of Non-Instructional Services:				
Food Service Operations	0	0	522,951	522,951
Extracurricular Activities	188,268	0	154,883	343,151
Capital Outlay	0	0	71,147	71,147
Debt Service:				
Principal	20,071	125,000	0	145,071
Interest and Fiscal Charges	11,903	179,738	0	191,641
Total Expenditures	<u>9,610,784</u>	<u>313,591</u>	<u>1,924,757</u>	<u>11,849,132</u>
Excess Revenues Over (Under) Expenditures	<u>617,654</u>	<u>103,797</u>	<u>(230,698)</u>	<u>490,753</u>
Other Financing Sources (Uses)				
Transfers In	0	0	35,005	35,005
Refunding Bonds Issued	0	2,814,997	0	2,814,997
Premium on Refunding Bonds Issued	0	270,315	0	270,315
Proceeds from the Sale of Capital Assets	1,867	0	0	1,867
Discount on Refunding Bonds Issued	0	(64,594)	0	(64,594)
Payment to Refunded Bond Escrow Agent	0	(3,020,718)	0	(3,020,718)
Transfers Out	(35,005)	0	0	(35,005)
Total Other Financing Sources (Uses)	<u>(33,138)</u>	<u>0</u>	<u>35,005</u>	<u>1,867</u>
Net Change in Fund Balances	584,516	103,797	(195,693)	492,620
Fund Balances Beginning of Year	<u>1,633,388</u>	<u>295,556</u>	<u>1,014,306</u>	<u>2,943,250</u>
Fund Balances End of Year	<u><u>\$2,217,904</u></u>	<u><u>\$399,353</u></u>	<u><u>\$818,613</u></u>	<u><u>\$3,435,870</u></u>

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds \$492,620

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Assets Additions	63,453	
Current Year Depreciation	(823,210)	
<i>Total</i>		(759,757)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (215)

Repayment of bonds and capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of assets.

Bond Principal Retirement	125,000	
Capital Lease Retirement	20,071	
<i>Total</i>		145,071

The issuance of refunding bonds resulted in other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net assets as liabilities or in the case of issuance costs, an assets.

Payment to Refunded Bond Escrow Agent	3,020,717	
Proceeds from Refunding Bonds	(2,814,997)	
Issuance Costs	64,595	
Premium on Refunding Bonds Issued	(270,315)	
<i>Total</i>		0

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(43,649)	
Accrued Interest	(5,459)	
<i>Total</i>		(49,108)

The amortization of issuance costs, bond premium and accretion is reflected as an expense in the statement of activities:

Issuance Costs	(2,093)	
Premium	2,093	
Bond Accretion	(6,719)	
<i>Total</i>		(6,719)

The internal service fund used by management to charge the costs of health insurance is included in the statement of activities and not on the governmental fund expenditures. This is the amount that revenues exceeded expenses during the year.

Changes in Net Assets of Governmental Activities 129,511

Ridgewood Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Positive (Negative)</i>
Revenues				
Property Taxes	\$2,170,000	\$2,345,000	\$2,415,882	\$70,882
Intergovernmental	7,045,000	7,148,000	7,342,164	194,164
Interest	90,000	130,000	222,423	92,423
Tuition and Fees	207,500	220,500	252,949	32,449
Gifts and Donations	2,500	2,500	900	(1,600)
Miscellaneous	36,875	36,375	53,920	17,545
<i>Total Revenues</i>	<u>9,551,875</u>	<u>9,882,375</u>	<u>10,288,238</u>	<u>405,863</u>
Expenditures				
Current:				
Instruction:				
Regular	4,914,709	4,946,324	4,806,571	139,753
Special	578,360	650,598	622,284	28,314
Vocational	162,027	222,608	213,342	9,266
Other	36,339	55,371	55,463	(92)
Support Services:				
Pupils	272,832	424,141	425,632	(1,491)
Instructional Staff	244,075	307,766	303,197	4,569
Board of Education	14,691	18,213	11,497	6,716
Administration	789,256	695,468	728,815	(33,347)
Fiscal	224,971	303,074	286,541	16,533
Operation and Maintenance of Plant	1,317,881	1,317,881	1,319,449	(1,568)
Pupil Transportation	735,313	798,469	785,888	12,581
Extracurricular Activities	179,665	179,665	188,462	(8,797)
<i>Total Expenditures</i>	<u>9,470,119</u>	<u>9,919,578</u>	<u>9,747,141</u>	<u>172,437</u>
<i>Excess of Revenues</i>				
<i>Over(Under) Expenditures</i>	<u>81,756</u>	<u>(37,203)</u>	<u>541,097</u>	<u>578,300</u>
Other Financing Sources (Uses)				
Transfers In	65,000	65,000	0	(65,000)
Advances In	65,000	65,000	16,000	(49,000)
Proceeds from Sale of Fixed Assets	0	0	1,867	1,867
Transfers Out	(2,333)	(2,333)	(35,005)	(32,672)
Advances Out	(640)	(640)	0	640
<i>Total Other Financing Sources (Uses)</i>	<u>127,027</u>	<u>127,027</u>	<u>(17,138)</u>	<u>(144,165)</u>
<i>Net Change in Fund Balance</i>	208,783	89,824	523,959	434,135
<i>Fund Balance Beginning of Year</i>	2,727,811	2,727,811	2,727,811	0
Prior Year Encumbrances Appropriated	113,755	113,755	113,755	0
<i>Fund Balance End of Year</i>	<u>\$3,050,349</u>	<u>\$2,931,390</u>	<u>\$3,365,525</u>	<u>\$434,135</u>

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2007

	<u><i>Self-Insurance Fund</i></u>
<i>Assets</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$275,331</u>
<i>Total Assets</i>	<u>275,331</u>
<i>Liabilities</i>	
Claims Payable	<u>69,666</u>
<i>Total Liabilities</i>	<u>69,666</u>
<i>Net Assets</i>	
Unrestricted	<u>205,665</u>
<i>Total Net Assets</i>	<u><u>\$205,665</u></u>

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2007

	<i>Self-Insurance Fund</i>
<i>Operating Revenues</i>	
Charges for Services	\$1,306,122
Other	75,622
<i>Total Operating Revenues</i>	1,381,744
 <i>Operating Expenses</i>	
Purchased Services	205,989
Claims	1,046,244
<i>Total Operating Expenses</i>	1,252,233
 <i>Net Income</i>	129,511
 <i>Net Assets at Beginning of Year</i>	76,154
 <i>Net Assets at End of Year</i>	\$205,665

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2007

	<i>Self-Insurance Fund</i>
<i>INCREASE IN CASH AND CASH EQUIVALENTS</i>	
<i>Cash Flows from Operating Activities</i>	
Cash Received from Customers	\$1,306,122
Cash Received from Other Operating Sources	75,622
Cash Payments to Suppliers for Services	(205,989)
Cash Payments for Claims	(1,083,371)
<i>Net Cash Provided by Operating Activities</i>	92,384
<i>Net Increase in Cash and Cash Equivalents</i>	92,384
<i>Cash and Cash Equivalents at Beginning of Year</i>	182,947
<i>Cash and Cash Equivalents at End of Year</i>	\$275,331
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
<i>Operating Income</i>	\$129,511
<i>Adjustments:</i>	
Changes in Liabilities:	
Decrease in Claims Payable	(37,127)
<i>Total Adjustments</i>	(37,127)
<i>Net Cash Provided by Operating Activities</i>	\$92,384

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u><i>Agency Fund</i></u>
<i>Assets</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$44,239</u>
<i>Total Assets</i>	<u><u>\$44,239</u></u>
<i>Liabilities</i>	
Due to Students	<u>\$44,239</u>
<i>Total Liabilities</i>	<u><u>\$44,239</u></u>

See Accompanying Notes to the Basic Financial Statements

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 1 - Description of the School District and Reporting Entity

Ridgewood Local School District (the "School District") was established for the purposes of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or Federal guidelines. It is staffed by 92 non-certificated employees and 105 certificated personnel who provide services to 1,362 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Ridgewood Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the School District.

The School District is associated with organizations which are defined as a jointly governed organizations and public entity risk pools. These organizations include the Ohio Mid Eastern Regional Educational Service Agency, the Coshocton County Career Center, and the Ohio School Boards Association Worker's Compensation Group. These organizations are presented in Notes 16 & 17 to the basic financial statements

Note 2 - Summary of Significant Accounting Policies

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

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

B. Fund Accounting

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

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

General Fund The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Bond Retirement Fund The bond retirement fund is a debt service fund and is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds reflect resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities. The School District has only an agency fund which accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances the cash flow of its internal service fund.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate of estimated resources issued during fiscal year 2007.

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2007.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2007, investments were limited to repurchase agreements. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents (continued)

As authorized by State statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund, debt service fund, capital projects fund and classroom facilities maintenance fund for fiscal year 2007 amounted to \$222,423, \$11,275, \$7,945 and 12,619, respectively. The general fund interest includes approximately \$37,812 assigned from other School District funds.

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

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the assets. Such restraints are imposed by creditors, contributors, grantors, or laws of other governments or by enabling legislation. Restricted assets include amounts required to be set aside by the School District to create a reserve for budget stabilization.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories consist of donated and purchased food, and supplies held for consumption and are expensed when used.

I. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported on the fund financial statements.

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

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 to 40 years
Buildings and Buildings Improvements	10 to 40 years
Furniture and Fixtures	5 – 20 years
Vehicles	13 years
Library and Textbooks	5 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

For governmental funds, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirement. These amounts are reported in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

M. Net Assets

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

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for property taxes and encumbrances, advances, and budget stabilization, which is made up of refunds from the Bureau of Workers Compensation.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

Designated fund balance represents planned actions for monies set aside by the School District for budget stabilization.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or services that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

P. Interfund Activity

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

Q. Estimates

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

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

Note 3 – Restatement of Net Assets

The beginning net assets balance was restated from \$17,626,306 to \$17,721,296, an increase of \$94,990. It was determined that the capital assets balance recorded on the financial statements as compared to the balanced maintained on the School District's fixed assets software system was understated by \$94,900.

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statement for the General Fund.

	<i>General</i>
<i>GAAP Basis</i>	\$584,516
Net Adjustment for Revenues	59,800
Advances In	16,000
Net Adjustment for Expenditures	136,357
Adjustment for Encumbrances	(272,714)
<i>Budget Basis</i>	<u>\$523,959</u>

Note 5- Deposits and Investments

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 5- Deposits and Investments (continued)

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

Protection of the School 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 may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 (STAROhio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in the amount not to exceed twenty-five percent of the interim moneys 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 the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 5 - Deposits and Investments (continued)

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$4,590,077, exclusive of the \$216,000 repurchase agreement amount included in investments below. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2007, \$4,491,017 of the School District's bank balance of \$4,691,017 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

Investments: At fiscal year end, the District had the following investments and maturities:

	Fair Value	Investment Maturity Less than One Year
Repurchase Agreement	\$ 216,000	\$ 216,000

Interest Rate Risk – The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The underlying securities for the District's repurchase agreements are held by Chase Bank in the name of the District.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2032, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the values as of December 31, 2006. Tangible personal property is currently assessed at twenty-three percent of true value for capital assets and twenty-four percent of true value for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semi-

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 6 - Property Taxes (continued)

annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Coshocton, Guernsey and Tuscarawas Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007, was \$90,656 and is recognized as revenue. \$76,672 was available to the general fund and \$13,984 was available to the bond retirement fund.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	<i>2007 First</i>		<i>2006 Second</i>	
	<i>Half Collections</i>		<i>Half Collections</i>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$116,568,535	94.07%	\$114,146,500	92.58%
Public Utility Personal	3,633,640	2.93	3,682,015	2.98
Tangible Personal Property	3,717,669	3.00	5,464,120	4.44
	<u>\$123,919,844</u>	<u>100.00%</u>	<u>\$123,292,635</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$43.00		\$43.00	

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 7 - Receivables

Receivables at June 30, 2007, consisted of property taxes, income taxes, accounts (rent, tuition and fees), intergovernmental grants, and interfunds. 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. All receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
<i>Other Governmental Funds:</i>	
IDEA – VI-B	\$106,277
Title I	35,265
Preschool	893
Title II-A	1,797
Drug Free	4,790
Improving Teacher Quality	31,513
Technology	3,984
<i>Total Other Governmental Funds</i>	\$184,519

Note 8 - Interfund Transactions and Fund Deficits

Interfund balances at June 30, 2007, consist of the following:

<i>Fund</i>	<i>Receivable</i>	<i>Payable</i>	<i>Advances to Other Fund</i>	<i>Advances From Other Funds</i>
<i>General</i>	\$16,000	\$0	\$50,000	\$0
<i>Other Governmental Funds:</i>				
Uniform School Supplies	0	0	0	50,000
Improving Teacher Quality	0	15,000	0	0
Athletic and Music	0	1,000	0	0
<i>Total Other Governmental Funds</i>	0	16,000	50,000	50,000
<i>Total All Funds</i>	\$16,000	\$16,000	\$50,000	\$50,000

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2007 are reported on the statement of net assets.

The following funds had fund deficits at fiscal year end; EMIS, Title I, Title VI and Early Childhood for \$5,658, \$22,049, \$1,403, and \$763, respectively. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<i>Balance at</i> <u>6/30/06</u>	<i>Restatement</i>	<i>Restated</i> <i>Balance at</i> <u>6/30/06</u>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at</i> <u>6/30/07</u>
<i>Governmental Activities:</i>						
<i>Capital Assets, not being depreciated:</i>						
Land	\$194,966		\$194,966	\$0	\$0	\$194,966
<i>Total Capital Assets, not being depreciated</i>	<u>194,966</u>		<u>194,966</u>		<u>0</u>	<u>194,966</u>
<i>Capital Assets, being depreciated:</i>						
Land Improvements	2,054,262		2,054,262	0	0	2,054,262
Buildings and Improvements	21,407,236		21,407,236	0	0	21,407,236
Furniture and Fixtures	3,249,812	41,790	3,291,602	0	0	3,291,602
Vehicles	1,169,329	(48,472)	1,120,857	63,453	(73,003)	1,111,307
Library and Textbooks	946,816		946,816	0	0	946,816
<i>Total Capital Assets, being depreciated</i>	<u>28,827,455</u>	<u>(6,682)</u>	<u>28,820,773</u>	<u>63,453</u>	<u>(73,003)</u>	<u>28,811,223</u>
<i>Less Accumulated Depreciation:</i>						
Land Improvements	(881,737)		(881,737)	(127,052)	0	(1,008,789)
Buildings and Buildings Improvements	(5,147,572)		(5,147,572)	(477,379)	0	(5,624,951)
Furniture and Fixtures	(2,189,783)		(2,189,783)	(125,072)	0	(2,314,855)
Vehicles	(1,002,643)	101,672	(900,971)	(87,662)	73,003	(915,630)
Library and Textbooks	(912,656)		(912,656)	(6,045)	0	(918,701)
<i>Total Accumulated Depreciation</i>	<u>(10,134,391)</u>	<u>101,672</u>	<u>(10,032,719)</u>	<u>(823,210)</u>	<u>0</u>	<u>(10,782,926)</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>18,888,030</u>	<u>94,990</u>	<u>\$18,983,020</u>	<u>(759,757)</u>	<u>\$0</u>	<u>\$18,223,263</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$737,529
Support Services:	
Instructional Staff	4,462
Administration	16,932
Operation and Maintenance of Plant	882
Pupil Transportation	40,588
Operation of Non-Instructional Services	<u>22,817</u>
<i>Total Depreciation Expense</i>	<u>\$823,210</u>

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2007, the School District contracted with the Indiana Insurance for liability, fleet, property and inland marine insurance coverage. Coverage is as follows:

	<i>Coverage</i>	<i>Deductible</i>
Buildings and Contents	\$38,407,285	\$1,000
Automobile Liability	1,000,000	250 – 500
Uninsured Motorists	1,000,000	250 – 500
Crime Insurance	5,000	25
General Liability:		
Per Occurrence	1,000,000	0
Aggregate	3,000,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (G.P.), an insurance purchasing pool (Note 15). The intent of the G.P. is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the G.P. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the G.P. Each participant pays its workers' compensation premium to the State based on the rate for the G.P. rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the G.P. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the G.P. Participation in the G.P. is limited to school districts that can meet the G.P.'s selection criteria. The firm of Sheakley Unicorp Inc. provides administrative, cost control and actuarial services of the G.P.

The School District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the self insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2007, a total expense of \$1,252,233 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$50,000. The liability for unpaid claims cost of \$69,666 reported in the fund at June 30, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

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

	<i>Balance at Beginning of Year</i>	<i>Current Year Claims</i>	<i>Claims Payments</i>	<i>Balance at End of Year</i>
2006	\$89,100	\$1,383,752	\$1,366,059	\$106,793
2007	106,793	1,046,244	1,083,371	69,666

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 11 - Employee Benefits

A. Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation for a year is fifteen days. Payment is made of one-fourth of the total sick leave accumulation, up to a maximum accumulation of 180 days upon retirement for certified employees or 225 days upon termination with 10 years of service for non-certified employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through Prudential Insurance Company of America. The premium for the employee term life insurance is paid by the School District at a rate of .16 per \$1,000 of coverage plus an additional administrative fee of .50 per participant.

Note 12 - Defined Benefit Pension Plans

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues publicly available general purpose financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and the 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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 12 - Defined Benefit Pension Plans (continued)

A. State Teachers Retirement System (continued)

A DB or Combined Plan member with five or more years of 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, 2007, plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required total contributions to STRS for the years ended June 30, 2007, 2006, and 2005 were \$611,583, \$620,004, and \$592,094, respectively; equal to the required contributions for each year. The full amount has been contributed for 2006 and 2005, 83 percent has been contributed for 2007, with the remainder being presented as "intergovernmental payable" in the statement of net assets.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (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. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10 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 2007, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employees are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required total contributions to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$202,784, \$213,036, and \$207,189, respectively; the full amount has been contributed for fiscal year 2006 and 2005, 51 percent has been contributed for fiscal year 2007, with the remainder being presented as "intergovernmental payable" in the statement of net assets.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2007, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 13 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), and to retired non-certificated 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 funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$43,685 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 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. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.32 percent of covered payroll for fiscal year 2007. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$76,808.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

Note 14 - Capital Leases

The School District has entered into a capitalized lease for copiers and an administrative building lease purchase agreement, which is leased under long-term agreements. These leases meet the criteria of a capital lease as defined by the Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership of the lessee.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 14 - Capital Leases(continued)

These capital assets have been capitalized in the amount of \$335,731. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments during fiscal year 2007 totaled \$20,071 from the general fund. Capital lease payments in the general fund have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. The following is a schedule of the future minimum lease payments required under the capital leases agreement and the present value of the minimum lease payments as of June 30, 2007.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2008	\$26,349
2009	22,220
2010	21,658
2011	21,129
2012	20,814
2013-2017	95,934
2018-2022	75,141
2023-2027	70,914
2028	14,316
<i>Total</i>	<u>368,475</u>
Less: Amount Representing Interest	<u>(118,915)</u>
<i>Present Value of Net Minimum Payments</i>	<u><u>\$249,560</u></u>

Note 15- Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2007 were as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts Due</u>
	<u>6/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>6/30/07</u>	<u>In One Year</u>
<i>General Obligations Bonds:</i>					
<i>May 1999 Bond Issue</i>	\$1,140,000	\$0	(\$975,000)	\$165,000	\$95,000
<i>5.85% Due 12/1/2011</i>					
<i>November 1999 Bond Issue</i>	2,360,000	0	(1,965,000)	395,000	40,000
<i>5.85% Due 12/1/2011</i>					
Refunded General Obligations	0	2,775,000	0	2,775,000	35,000
Bonds 4.0% Due 12/1/2024					
Premium/Discount	0	270,315	(207,813)	62,502	0
Capital Appreciation Bonds	0	39,997	0	39,997	0
4.45% Due 12/1/2018					
Accretion on Capital Bonds	0	0	6,719	6,719	0
<i>Total Refunded Bonds</i>	<u>0</u>	<u>3,085,312</u>	<u>(201,094)</u>	<u>2,884,215</u>	<u>35,000</u>
<i>Compensated Absences</i>	753,064	85,203	(24,885)	813,382	79,699
<i>Capital Leases</i>	269,631	0	(20,071)	249,560	15,560
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$4,522,695</u>	<u>\$3,170,515</u>	<u>(\$3,186,050)</u>	<u>\$4,507,160</u>	<u>\$265,259</u>

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 15- Long-Term Obligations (continued)

The general obligation bonds, refunding bonds, and capital appreciation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which employee's are paid. The capital leases will be paid from the general fund. The School District overall debt limitation was \$7,708,571 at June 30, 2007.

During fiscal year 2007, the School District issued \$2,814,997 in general obligation bonds which include serial and capital appreciation bonds with interest rates varying from 4.0% – 4.375% for the serial bonds and 23.04% (3.75%-3.79% yield) for the capital appreciation bonds. The final amount of the 2007 capital appreciation bonds will be \$625,000. The bond proceeds consisted of bond principal and \$270,315 of premium. The net proceeds of \$3,020,718 (after payment of underwriting fees, insurance, and other issuance costs) was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of School Improvement Bonds refunded. As a result, the bonds are considered to be defeased and the liability is not reported by the School District. The difference between the reacquisition price and the net carrying amount of the old debt was not significant. The premium on the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization.

The School District advance refunded the School Improvement Bonds to reduce their total debt payments over the next twenty years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$280,000.

All bonds and notes are direct obligations of the School District for which its full faith and credit are pledged for repayment.

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

<i>Fiscal Year</i> <i>Ending June 30,</i>	<i>Refunded/NonRefunded</i>		<i>Capital Appreciation Bonds</i>	
	<i>General Obligation Bonds</i>			
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2008	\$170,000	\$134,026	\$0	\$0
2009	180,000	125,691	0	0
2010	185,000	116,955	0	0
2011	195,000	107,838	0	0
2012	200,000	99,400	0	0
2013-2017	1,155,000	367,625	0	0
2018-2022	805,000	102,700	39,997	585,003
2023-2027	445,000	18,100	0	0
<i>Total</i>	<i>\$3,335,000</i>	<i>\$1,072,335</i>	<i>\$39,997</i>	<i>\$585,003</i>

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 16 - Jointly Governed Organizations

A. Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)

OME-RESA is a jointly governed computer service 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 among member districts. Each of the governments of these school districts supports OME-RESA based upon a per pupil charge dependent upon the software package utilized. OME-RESA assembly consists of a superintendent or designated representative from each participating school 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 the fiscal agent, located at Steubenville, Ohio. During the year ended June 30, 2007, the School District paid \$175,619 TO OME-RESA for basic service charges.

B. Coshocton County Joint Vocational School District

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

Note 17 - Public Entity Risk Pools

Ohio School Boards Association Worker's Compensation Group

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

Note 18 - Contingencies

The School District receives 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 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 adverse effect on the overall financial position of the School District at June 30, 2007.

Ridgewood Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 19 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purpose in future years.

The following cash basis information describes the change in the year-end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	<u>BWC Refunds</u>	<u>Textbook & Instruction Supplies</u>	<u>Capital Acquisition</u>
<i>Set-Aside Cash Balance as of June 30, 2006</i>	\$42,320		
<i>Set-Aside Carryover Balance as of June 30, 2006</i>	0	(\$75,714)	\$112,664
Current Year Set-Aside Requirement	0	186,974	186,974
Qualifying Disbursements	<u>0</u>	<u>(167,793)</u>	<u>(561,254)</u>
<i>Total</i>	<u>\$42,320</u>	<u>(\$56,533)</u>	<u>(\$261,616)</u>
<i>Set-Aside Cash Balance as of June 30, 2007</i>	<u>\$42,320</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the year that reduced the textbook set-aside amount below zero. This extra may be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. The School District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount below zero, this extra amount can not be carried forward into future years.

Note 20 – Public Utility Property Tax Refund

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25 percent of true value rather than the 88 percent used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The School District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the School District based on the lower assessment rate beginning from tax year 2001. The amount of that refund is estimated to be approximately \$19,209 per year. A portion of the refund may be recovered from additional State entitlement payments.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgewood Local School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2007. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2007-01 to be a significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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 grant agreements, 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 do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standard*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated November 30, 2007.

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the School's response and accordingly, we express no opinion on it.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 30, 2007

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

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 its major federal program for the year ended June 30, 2007. Ridgewood Local School District's major federal programs are 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 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 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 Circular 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, the Ridgewood Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

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 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 30, 2007

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505**

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)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported 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:	Special Ed. Cluster; CFDA #84.027 Special Ed. Cluster, CFDA #84.173
(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 Related to the Financial Statements Required to be Reported in Accordance with GAGAS

FINDING NUMBER 2007-01

Significant Deficiency

The School's capital asset accounting records did not accurately and completely support capital assets reported in the annual financial report for the year ended June 30, 2006. Therefore prior period adjustments were made to the capital assets for the year ended June 30, 2007. Failure to maintain accurate and complete capital asset accounting records can lead to the School reporting misstated balances. The School should maintain a current and accurate capital asset listing each year.

Client Response: The client has updated and maintained a current capital asset list after this prior period adjustment.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCOTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505(Continued)**

3. Findings and Questioned Costs for Federal Awards

NONE

**RIDGEWOOD LOCAL SCHOOL DISTRICT
COSHOCKTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	\$ 67,786	\$ -	\$ 67,786	\$ -
National School Lunch Program	n/a	10.555	214,228	-	214,228	-
Total Nutrition Cluster			282,014	-	282,014	-
Food Distribution Program	n/a	10.550	-	62,597	-	62,597
Total U.S. Department of Agriculture			282,014	62,597	282,014	62,597
<u>U.S. DEPARTMENT OF EDUCATION:</u>						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	046474C1S107	84.010	159,142	-	157,184	-
	046474C1S106		15,887	-	14,748	-
			175,029	-	171,932	-
Special Education Cluster:						
Title VI-B Special Education Assistance for handicapped Children	046474BSF07	84.027	305,398	-	287,903	-
	046474BSF06		-	-	32,077	-
Preschool Grants for Children	046474PG3107	84.173	13,890	-	15,831	-
	046474PG3106		-	-	14	-
			319,288	-	335,825	-
Drug Free School Program	046474DRS107	84.186	5,079	-	5,387	-
			5,079	-	5,387	-
Innovative Education Program Strategies	046474C2S107	84.298	200	-	1,697	-
	046474C2S106		1,559	-	-	-
			1,759	-	1,697	-
Technology Literacy Challenge	046474TJS107	84.318	1,275	-	-	-
	046474TJS106		-	-	702	-
			1,275	-	702	-
Improving Teacher Quality State Grant	046474TRS107	84.367	77,205	-	78,189	-
	046474TRS106		21,070	-	10,340	-
			98,275	-	88,529	-
Total U.S. Department of Education			600,705	-	604,072	-
Total Federal Awards Expenditures			882,719	62,597	886,086	62,597

See notes to Schedule of Federal Awards Expenditures.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTES B – CHILD NUTRITION CLUSTER

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

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



Mary Taylor, CPA
Auditor of State

RIDGEWOOD LOCAL SCHOOL DISTRICT

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2008**