

Ridgedale Local School District
Marion County
Audited Financial Statements

For the Fiscal Year Ended June 30, 2011



Dave Yost • Auditor of State

Board of Education
Ridgedale Local School District
3103 Hillman Ford Road
Morral, Ohio 43337

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

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

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

Dave Yost
Auditor of State

March 12, 2012

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Ridgedale Local School District
Marion County
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December 28, 2011

The Board of Education
Ridgedale Local School District
Morrill, Ohio 43337

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ridgedale Local School District, Marion County, Ohio (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ridgedale Local School District, as of June 30, 2011, and the respective changes in financial position and respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ridgedale Local School District
Independent Auditor's Report
December 28, 2011

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea & Associates, Inc.

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

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

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets of governmental activities increased \$593,682 which represents a 14 percent increase from fiscal year 2010.
- General revenues accounted for \$6,855,925 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2,361,109 or 26 percent of total revenues of \$9,217,034.
- The District had \$8,623,352 in expenses related to governmental activities; \$2,361,109 of these expenses was offset by program specific charges for services, grants or contributions and interest. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were \$6,855,925.
- The District's only major governmental fund is the general fund. The general fund had \$7,844,216 in revenues and \$7,468,953 in expenditures. During fiscal year 2011, the general fund's fund balance increased \$375,263 from \$2,288,660 to \$2,663,923.

Using these Basic Financial Statements

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

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

The District's statement of net assets and statement of activities can be found on pages 12-13 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 14-17 of this report.

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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 19-20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-51 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for fiscal years 2011 and 2010.

Table 1
Net Assets
Governmental Activities

	2011	2010
Assets		
Current and Other Assets	\$ 6,005,337	\$ 4,987,152
Capital Assets, net	1,827,362	1,974,757
Total assets	7,832,699	6,961,909
Liabilities		
Current Liabilities	2,630,148	2,271,365
Long-Term Liabilities	448,578	530,253
Total Liabilities	3,078,726	2,801,618
Net Assets		
Invested in Capital		
Assets, net of Related Debt	1,698,149	1,772,074
Restricted	500,884	324,142
Unrestricted	2,554,940	2,064,075
Total Net Assets	\$ 4,753,973	\$ 4,160,291

Current and other assets of the District increased \$1,018,185 from 2010 due to an increase in cash resulting from revenues exceeding expenditures during the year and an increase in taxes and intergovernmental receivable due to receiving new grants.

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

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$4,753,973.

At year-end, capital assets, net of depreciation represented 23 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Amount invested in capital assets, net of related debt to acquire the assets at June 30, 2011, was \$1,698,149. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$500,884, represents resources that are subject to external restriction on how they may be used.

The table below shows the change in net assets for fiscal years 2011 and 2010.

Table 2
Change in Net Assets
Governmental Activities

	2011	2010
Revenues		
<i>Program Revenues</i>		
Charges for Services and Sales	\$ 1,540,016	\$ 1,404,307
Operating Grants and Contributions	821,093	592,206
Capital Grants and Contributions	0	5,092
<i>General Revenues</i>		
Property Taxes	2,869,491	2,483,473
Grants and Entitlements	3,852,442	4,041,756
Payments in Lieu of Taxes	95,181	52,048
Investment Earnings	9,248	9,418
Other	29,563	28,320
<i>Total Revenues</i>	9,217,034	8,616,620

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

	2011	2010
<i>Program Expenses</i>		
Instruction:		
Regular	\$ 3,257,139	\$ 3,265,267
Special	477,067	681,881
Vocational	153,867	199,721
Student Intervention Services	54,064	39,240
Other	1,049,734	1,376,837
Support Services:		
Pupils	338,255	350,111
Instructional Staff	326,725	289,455
Board of Education	45,943	37,331
Administration	729,925	689,507
Fiscal	233,818	231,160
Business	603	637
Operations and Maintenance of Plant	857,346	615,268
Pupil Transportation	478,259	440,419
Central	29,625	35,148
Operation of Non-Instructional Services:		
Food Service Operations	334,489	279,381
Extracurricular Activities	242,880	293,006
Interest and Fiscal Charges	13,613	17,400
<i>Total Program Expenses</i>	<u>8,623,352</u>	<u>8,841,769</u>
<i>Change in Net Assets</i>	593,682	(225,149)
<i>Net Assets at Beginning of Year</i>	<u>4,160,291</u>	<u>4,385,440</u>
<i>Net Assets at End of Year</i>	<u>\$ 4,753,973</u>	<u>\$ 4,160,291</u>

Governmental Activities

Net assets of the District's governmental activities increased \$593,682. Total governmental expenses of \$8,623,352 were offset by program revenues of \$2,361,109 and general revenues of \$6,855,925. Program revenues supported 27 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 73 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,991,871 or 58 percent of total governmental expenses for fiscal year 2011.

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

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

Table 3
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2011	Net Cost of Services 2010
Instruction:				
Regular	\$ 3,257,139	\$ 3,265,267	\$ (1,796,463)	\$ (2,133,229)
Special	477,067	681,881	(360,348)	(558,721)
Vocational	153,867	199,721	(126,150)	(165,407)
Student Intervention Services	54,064	39,240	(7,122)	9,530
Other	1,049,734	1,376,837	(1,049,734)	(1,376,837)
Support Services:				
Pupil	338,255	350,111	(197,229)	(215,509)
Instructional Staff	326,725	289,455	(246,964)	(223,998)
Board of Education	45,943	37,331	(45,943)	(37,331)
Administration	729,925	689,507	(704,087)	(680,779)
Fiscal	233,818	231,160	(233,818)	(231,160)
Business	603	637	(603)	(637)
Operations and Maintenance	857,346	615,268	(857,346)	(609,364)
Pupil Transportation	478,259	440,419	(478,259)	(440,419)
Central	29,625	35,148	(24,625)	(30,148)
Food Service Operations	334,489	279,381	32,324	35,467
Extracurricular Activities	242,880	293,006	(152,263)	(164,222)
Interest and Fiscal Charges	13,613	17,400	(13,613)	(17,400)
Total	\$ 8,623,352	\$ 8,841,769	\$ (6,262,243)	\$ (6,840,164)

The dependence upon tax and other general revenues for governmental activities is apparent; 67 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79 percent. The District's taxpayers, as a whole, are by far the primary support for District's students.

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

The District's Funds

The District's governmental funds reported a combined fund balance of \$2,787,340, which is higher than last year's total of \$2,358,774.

General Fund

The District's general fund balance increased \$375,263 due to increased revenue and decreased expenses.

The increase in revenue is primarily due to an increase in tax revenue received during the fiscal year. The District recognized cost savings during the year by reducing expenditures.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$7,494,598 and final budgeted revenues and other financing sources were \$7,747,037. Actual revenues and other financing sources for fiscal year 2011 were \$7,738,800. This represents an \$8,237 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$8,418,832 were decreased to \$7,912,396 in the final appropriations. The actual budget basis expenditures for fiscal year 2011 totaled \$7,367,478, which was \$544,918 less than the final budget appropriations as cost savings were recognized throughout the year.

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

Capital Assets and Debt

Capital Assets

At the end of fiscal year 2011, the District had \$1,827,362 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2011 balances compared to 2010:

Table 4
Capital Assets at June 30
Governmental Activities

	2011	2010
Land	\$ 50,442	\$ 50,442
Land Improvements	140,780	151,191
Building and Improvements	1,359,891	1,415,958
Furniture and Equipment	141,453	177,877
Vehicles	134,796	179,289
Total	\$ 1,827,362	\$ 1,974,757

The overall decrease in capital assets of \$147,395 is due to depreciation expense exceeding capital asset additions expense in the fiscal year. See Note 7 to the basic financial statements for additional information on the District's capital assets.

Debt

At June 30, 2011, the District had \$129,213 in capital lease obligations outstanding. Of this total, \$53,552 is due within one year. The following table summarizes the capital lease obligations outstanding.

Table 5
Outstanding Debt at June 30
Governmental Activities

	2011	2010
Capital Lease	\$ 129,213	\$ 202,683

See Note 8 to the basic financial statements for additional information on the District's debt administration.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Stephanie Schee, Treasurer, Ridgedale Local School District, 3103 Hillman-Ford Road, Morral, Ohio 43337.

Ridgedale Local School District
Marion County
Statement of Net Assets
June 30, 2011

	Primary Government	Component Unit
	Governmental Activities	Ridgedale Community School
Assets		
Equity in Pooled Cash and Investments	\$ 2,675,964	\$ 276,235
Cash and Investments in Segregated Accounts	3,728	0
Receivables:		
Taxes	3,006,479	0
Accounts	6,109	0
Intergovernmental	313,057	13,520
Nondepreciable Capital Assets	50,442	0
Depreciable Capital Assets (Net)	1,776,920	0
<i>Total Assets</i>	<u>7,832,699</u>	<u>289,755</u>
Liabilities		
Accounts Payable	164,128	695
Accrued Wages and Benefits	547,023	0
Matured Compensated Absences Payable	30,329	0
Intergovernmental Payable	204,241	0
Deferred Revenue	1,684,427	0
Long Term Liabilities:		
Due Within One Year	112,952	0
Due In More Than One Year	335,626	0
<i>Total Liabilities</i>	<u>3,078,726</u>	<u>695</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,698,149	0
Restricted for:		
Capital Outlay	13,997	0
Other Purposes	292,157	0
Set Asides	194,730	0
Unrestricted	2,554,940	289,060
<i>Total Net Assets</i>	<u>\$ 4,753,973</u>	<u>\$ 289,060</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
				Primary Government	Component Unit
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Ridgedale Community School
Governmental Activities					
Instruction:					
Regular	\$ 3,257,139	\$ 1,265,374	\$ 195,302	\$ (1,796,463)	\$ 0
Special	477,067	754	115,965	(360,348)	0
Vocational	153,867	0	27,717	(126,150)	0
Student Intervention Services	54,064	0	46,942	(7,122)	0
Other	1,049,734	0	0	(1,049,734)	0
Support Services:					
Pupils	338,255	0	141,026	(197,229)	0
Instructional Staff	326,725	0	79,761	(246,964)	0
Board of Education	45,943	0	0	(45,943)	0
Administration	729,925	5,788	20,050	(704,087)	0
Fiscal	233,818	0	0	(233,818)	0
Business	603	0	0	(603)	0
Operation and Maintenance of Plant	857,346	0	0	(857,346)	0
Pupil Transportation	478,259	0	0	(478,259)	0
Central	29,625	0	5,000	(24,625)	0
Operation of Non-Instructional Services:					
Food Service Operations	334,489	177,983	188,830	32,324	0
Extracurricular Activities	242,880	90,117	500	(152,263)	0
Interest and Fiscal Charges	13,613	0	0	(13,613)	0
<i>Total Governmental Activities</i>	<u>8,623,352</u>	<u>1,540,016</u>	<u>821,093</u>	<u>(6,262,243)</u>	<u>0</u>
Component Unit					
Ridgedale Community School	<u>303,395</u>	<u>0</u>	<u>83,471</u>	<u>0</u>	<u>(219,924)</u>
<i>Totals</i>	<u>\$ 8,926,747</u>	<u>\$ 1,540,016</u>	<u>\$ 904,564</u>	<u>(6,262,243)</u>	<u>(219,924)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	2,869,491 0
Grants and Entitlements not Restricted to Specific Programs	3,852,442 162,925
Payments in Lieu of Taxes	95,181 0
Investment Earnings	9,248 220
Miscellaneous	29,563 0
<i>Total General Revenues</i>	<u>6,855,925 163,145</u>
Change in Net Assets	593,682 (56,779)
<i>Net Assets Beginning of Year</i>	<u>4,160,291 345,839</u>
<i>Net Assets End of Year</i>	<u>\$ 4,753,973 \$ 289,060</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Balance Sheet
Governmental Funds
June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	\$ 2,365,451	\$ 115,783	\$ 2,481,234
Cash and Investments in Segregated Accounts	0	3,728	3,728
Restricted Cash and Investments	194,730	0	194,730
Receivables:			
Taxes	3,006,479	0	3,006,479
Accounts	6,109	0	6,109
Intergovernmental	71,696	241,361	313,057
Interfund Receivable	6,260	0	6,260
<i>Total Assets</i>	<u>\$ 5,650,725</u>	<u>\$ 360,872</u>	<u>\$ 6,011,597</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 160,244	\$ 3,884	\$ 164,128
Accrued Wages and Benefits	518,902	28,121	547,023
Matured Compensated Absences Payable	30,329	0	30,329
Intergovernmental Payable	195,459	8,782	204,241
Interfund Payable	0	6,260	6,260
Deferred Revenue	2,081,868	190,408	2,272,276
<i>Total Liabilities</i>	<u>2,986,802</u>	<u>237,455</u>	<u>3,224,257</u>
Fund Balances			
Restricted	194,730	109,420	304,150
Assigned	4,978	13,997	18,975
Unassigned	2,464,215	0	2,464,215
<i>Total Fund Balances</i>	<u>2,663,923</u>	<u>123,417</u>	<u>2,787,340</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,650,725</u>	<u>\$ 360,872</u>	<u>\$ 6,011,597</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2011

Total Governmental Fund Balances		\$ 2,787,340
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,827,362
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 247,808	
Tuition and Fees	14,296	
Delinquent Property Taxes	<u>325,745</u>	
Total		587,849
Long-term liabilities are not due and payable in the current and therefore are not reported in the funds.		
Compensated Absences	(319,365)	
Capital Leases Payable	<u>(129,213)</u>	
Total		<u>(448,578)</u>
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$ 4,753,973</u></u>

See accompanying notes to the basic financial statements.

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 2,804,741	\$ 0	\$ 2,804,741
Intergovernmental	3,637,253	890,174	4,527,427
Investment Income	9,248	126	9,374
Tuition and Fees	1,185,926	0	1,185,926
Rent	2,425	0	2,425
Extracurricular Activities	40,177	72,130	112,307
Gifts and Donations	3,500	500	4,000
Charges for Services	47,080	177,983	225,063
Payments in Lieu of Taxes	95,181	0	95,181
Miscellaneous	18,685	10,878	29,563
<i>Total Revenues</i>	<u>7,844,216</u>	<u>1,151,791</u>	<u>8,996,007</u>
Expenditures			
Current:			
Instruction:			
Regular	3,220,651	3,549	3,224,200
Special	376,687	109,987	486,674
Vocational	150,243	0	150,243
Student Intervention Services	0	54,064	54,064
Other	1,030,645	19,089	1,049,734
Support Services:			
Pupils	174,679	163,576	338,255
Instructional Staff	240,770	80,651	321,421
Board of Education	45,943	0	45,943
Administration	685,924	24,709	710,633
Fiscal	234,362	0	234,362
Operation and Maintenance of Plant	622,694	231,735	854,429
Pupil Transportation	425,011	0	425,011
Central	24,825	4,800	29,625
Extracurricular Activities	149,436	78,750	228,186
Operation of Non-instructional Services:			
Food Service Operations	0	327,578	327,578
Debt Service:			
Principal Retirement	73,470	0	73,470
Interest and Fiscal Charges	13,613	0	13,613
<i>Total Expenditures</i>	<u>7,468,953</u>	<u>1,098,488</u>	<u>8,567,441</u>
<i>Net Change in Fund Balances</i>	375,263	53,303	428,566
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>2,288,660</u>	<u>70,114</u>	<u>2,358,774</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,663,923</u>	<u>\$ 123,417</u>	<u>\$ 2,787,340</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District

Marion County

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

Net Change in Fund Balances - Total Governmental Funds	\$ 428,566
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (147,395)

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

Grants	\$ 151,790
Tuition and Fees	14,296
Delinquent Property Taxes	<u>64,750</u>

Total	230,836
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Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 73,470

Compensated absences 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. 8,205

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 593,682</u></u>
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See accompanying notes to the basic financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,132,117	\$ 2,669,707	\$ 2,690,777	\$ 21,070
Intergovernmental	3,959,145	3,751,917	3,637,253	(114,664)
Investment Income	9,542	8,995	9,594	599
Tuition and Fees	1,179,475	1,111,909	1,185,926	74,017
Rent	2,412	2,274	2,425	151
Extracurricular Activities	17,890	16,865	17,988	1,123
Gifts and Donations	0	0	0	0
Charges for Services	46,824	44,142	47,080	2,938
Payments in Lieu of Taxes	94,663	89,240	95,181	5,941
Miscellaneous	9,372	8,835	9,423	588
<i>Total Revenues</i>	<u>7,451,440</u>	<u>7,703,884</u>	<u>7,695,647</u>	<u>(8,237)</u>
Expenditures				
Current:				
Instruction:				
Regular	3,630,849	3,263,147	3,137,520	125,627
Special	503,001	510,990	434,658	76,332
Vocational	182,992	243,759	158,129	85,630
Other	1,190,172	1,184,201	1,028,464	155,737
Support Services:				
Pupils	213,387	184,830	184,394	436
Instructional Staff	268,331	268,570	231,873	36,697
Board of Education	54,779	55,637	47,336	8,301
Administration	738,285	729,066	670,936	58,130
Fiscal	277,199	205,567	239,536	(33,969)
Business	0	500	0	500
Operation and Maintenance of Plant	587,605	510,309	507,767	2,542
Pupil Transportation	443,162	411,452	425,239	(13,787)
Central	28,728	42,240	24,825	17,415
Extracurricular Activities	173,259	175,045	149,718	25,327
Debt Service				
Principal Retirement	73,470	73,470	73,470	0
Interest and Fiscal Charges	13,613	13,613	13,613	0
<i>Total Expenditures</i>	<u>8,378,832</u>	<u>7,872,396</u>	<u>7,327,478</u>	<u>544,918</u>
<i>Excess of Revenues (Under) Over Expenditures</i>	<u>(927,392)</u>	<u>(168,512)</u>	<u>368,169</u>	<u>536,681</u>
Other Financing Sources (Uses)				
Insurance Recoveries	950	945	945	0
Refund of Prior Year Expenditures	2,208	2,208	2,208	0
Advances In	40,000	40,000	40,000	0
Advances Out	(40,000)	(40,000)	(40,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>3,158</u>	<u>3,153</u>	<u>3,153</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(924,234)</u>	<u>(165,359)</u>	<u>371,322</u>	<u>536,681</u>
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	<u>2,155,719</u>	<u>2,155,719</u>	<u>2,155,719</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>7,212</u>	<u>7,212</u>	<u>7,212</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,238,697</u>	<u>\$ 1,997,572</u>	<u>\$ 2,534,253</u>	<u>\$ 536,681</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 61,286	\$ 44,761
<i>Total Assets</i>	\$ 61,286	\$ 44,761
Liabilities		
Accounts Payable	\$ 0	\$ 700
Due to Students	0	44,061
<i>Total Liabilities</i>	0	\$ 44,761
Net Assets		
Held in Trust for Scholarships	39,809	
Endowments	21,477	
<i>Total Net Assets</i>	\$ 61,286	

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2011

	Scholarship
Additions	
Gifts and Contributions	\$ 500
Interest	126
	626
Deductions	
Payments in Accordance with Trust Agreements	2,000
	(1,374)
<i>Change in Net Assets</i>	
<i>Net Assets Beginning of Year</i>	62,660
<i>Net Assets End of Year</i>	\$ 61,286

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Ridgedale Local School District (the “District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State and federal guidelines.

The District was established in 1957. The District serves an area of approximately one hundred twenty-five square miles. It is located in Crawford, Marion, and Wyandot Counties. The District is the 531st largest in the State of Ohio (among 896 local and community schools) in terms of enrollment. It is staffed by 38 classified employees, 63 certified teaching personnel and 6 administrative employees who provide services to 794 students and other community members. The District currently operates two buildings on one campus.

The reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity” as amended by Governmental Accounting Standards Board (GASB) Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise have access to the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has one component unit.

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

Ridgedale Community School

The Ridgedale Community School (the “Community School”) is a legally separate, conversion community school, served by a Board of Directors. The Community School provides students within the District a program of online instruction and other alternative teaching and learning strategies. The Board of Directors consists of five individuals: the District’s superintendent; the Ridgedale High School principal; a District community member; the retired principal of Morral Elementary School; and the executive director of the Tri-Rivers Educational Computer Association (TRECA) and TRECA Digital Academy. The superintendent of the District serves as the chief administrative officer of the Community School, and the District’s treasurer serves as the Community School’s Treasurer. Based on the significant services provided by the District to the Community School, the Community School’s purpose of servicing the students within the District, and the relationship between the Board of Education of the District and the Board of Directors of the Community School, the Community School is a component unit of the District and the financial activity of the Community School is presented as a discretely presented component unit of the District. Separately issued financial statements can be obtained from the Treasurer, Stephanie Schee, at 3103 Hillman-Ford Road, Morral, Ohio 43337.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT (continued)

JOINTLY GOVERNED ORGANIZATIONS

Tri-Rivers Educational Computer Association

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public Districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Districts. The Governing Board of TRECA consists of one representative from each county elected by majority vote of all charter member Districts within each county, one representative from the city Districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

Tri-Rivers Career Center

The Tri-Rivers Career Center (the "Center") is a distinct political subdivision of the State of Ohio. The Center operates under the direction of a Board consisting of one representative from each of the participating school district's Board of Education, and one representative from the Delaware Union Educational Service Center. The Center Board of Education possesses its own budgeting and taxing authority. Financial information is available from Terril Cimino, Treasurer, at 2222 Marion-Mt. Gilead Road, Marion, Ohio 43302.

North Central Regional Professional Development Center

The North Central Regional Professional Development Center (the "Center") is a jointly governed organization among the school districts in Crawford, Huron, Knox, Marion, Morrow, Richland, Seneca, and Wyandot Counties. The Center was formed to create and sustain self-renewing learning communities to transform education in Ohio so that all learners can achieve their full potential. The Center is governed by a twenty-one member Board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Lorraine Earnest, Mid-Ohio Educational Service Center, 890 West Fourth Street, Suite 100, Mansfield, Ohio 44906.

Ohio School Board Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Board Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Board Association (OSBA) as a group purchasing pool.

The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The more significant of the District's accounting policies are described below.

A. Basis of Presentation

The 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 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 District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grant and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

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

B. Fund Accounting

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the District account for grants and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

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

C. Basis of Presentation and 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 District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenditures) 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.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 and statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arise 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, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, 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 been reported as deferred revenue.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

E. Budgetary Data

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2011 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Marion County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2010.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2010. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

Although the legal level of budgetary control was established at the fund level of expenditures, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer.

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$9,248, which includes \$1,116 assigned from other funds.

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

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

The District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	20 Years
Buildings and Improvements	20 - 50 Years
Furniture and Equipment	5 - 20 years
Vehicles	8 Years

H. Compensated Absences

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

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

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employee will be paid.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases are recognized as a liability on the fund financial statements when due.

J. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

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

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2011, none of the District's net assets were restricted by enabling legislation. Net assets restricted for other purposes include instructional activities and grants.

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

L. Estimates

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

M. Restricted Assets

Restricted assets in the general fund represent cash and investments set-aside to establish a textbook/instructional materials reserve. These reserves are required by State statute. A schedule of statutory reserves is presented in Note 16.

N. 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 basic financial statements.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Changes in Accounting Principles

For the year ended June 30, 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” and GASB Statement No. 59, “*Financial Instruments Omnibus*.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the District.

NOTE 3 – RESTATEMENT OF FUND BALANCE

Fund reclassifications are required in order to report funds in accordance with GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*.” These fund reclassifications had the following effect on the District’s governmental fund balances as previously reported:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund Balance Previously Reported at June 30, 2010	\$ 2,270,864	\$ 87,910	\$ 2,358,774
Fund Reclassification:			
Academic Wall of Fame	964	(964)	0
Uniform School Supplies Fund	2,277	(2,277)	0
Public School Support Fund	14,555	(14,555)	0
Restated Fund Balance at July 1, 2010	<u>\$ 2,288,660</u>	<u>\$ 70,114</u>	<u>\$ 2,358,774</u>

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. Pursuant to GASB Statement No. 54, only the legally budgeted general fund should be reported in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund’s budgetary basis fund balance at June 30, 2010 is as follows:

	<u>General Fund</u>
Balance at June 30, 2010	\$ 2,155,777
Funds Budgeted Elsewhere	<u>(58)</u>
Restated Balance at July 1, 2010	<u>\$ 2,155,719</u>

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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

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

Cash on Hand At June 30, 2011, the District had \$2,360 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments.”

Deposits At June 30, 2011, the carrying amount of all District deposits was \$731,293. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2011, \$15,071 of the District’s bank balance of \$773,760 was exposed to custodial risk as discussed below, while \$758,689 was covered by the FDIC.

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

Investments As of June 30, 2011, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity 6 Months or Less
STAR Ohio	\$ 692,513	\$ 692,513
Repurchase Agreement	1,359,573	1,359,573
Total Investments	\$ 2,052,086	\$ 2,052,086

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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

Credit Risk Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

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 District's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

Investment Type	Fair Value	Percent of Total
STAR Ohio	\$ 692,513	33.75%
Repurchase Agreement	1,359,573	66.25%
	\$ 2,052,086	100.00%

Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

Cash and Investments per Note	
Carrying Amount of Deposits	\$ 731,293
Investments	2,052,086
Cash on Hand	2,360
Total	\$ 2,785,739

Cash and Investments per Statement of Net Assets	
Governmental Activities	\$ 2,679,692
Private-Purpose Trust Fund	61,286
Agency Fund	44,761
Total	\$ 2,785,739

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 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 2011 (other than public utility property) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. 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 semiannually, 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 District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated during 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Wyandot, Crawford and Marion Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 - PROPERTY TAXES (continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 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 unearned revenue.

The amount available as an advance at June 30, 2011 was \$996,307 in the general fund. This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2010 was \$882,343 in the general fund.

On an 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 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 88,383,710	89.30%	\$ 98,267,910	87.04%
Public Utility Personal	10,468,400	10.58%	14,636,450	12.96%
Tangible Personal Property	121,790	0.12%	330	0.00%
Total	\$ 98,973,900	100.00%	\$ 112,904,690	100%
Tax rate per \$1,000 of assessed valuation	\$ 46.52		\$ 46.52	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. All are expected to be received within one year.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 7 - CAPITAL ASSETS

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

	Balance 06/30/10	Additions	Deductions	Balance 06/30/11
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$ 50,442	\$ 0	\$ 0	\$ 50,442
<i>Capital Assets, being depreciated</i>				
Land Improvements	588,366	0	0	588,366
Buildings and Improvements	4,125,001	0	0	4,125,001
Furniture and Equipment	376,529	0	0	376,529
Vehicles	1,112,592	0	0	1,112,592
<i>Total Capital Assets, being depreciated</i>	6,202,488	0	0	6,202,488
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(437,175)	(10,411)	0	(447,586)
Buildings and Improvements	(2,709,043)	(56,067)	0	(2,765,110)
Furniture and Equipment	(198,652)	(36,424)	0	(235,076)
Vehicles	(933,303)	(44,493)	0	(977,796)
<i>Total Accumulated Depreciation</i>	(4,278,173)	(147,395) *	0	(4,425,568)
<i>Total Capital Assets being depreciated, net</i>	1,924,315	(147,395)	0	1,776,920
<i>Governmental Activities Capital Assets, Net</i>	\$ 1,974,757	\$ (147,395)	\$ 0	\$ 1,827,362

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 7 - CAPITAL ASSETS (continued)

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 32,954
Special	2,137
Vocational	3,624
Support Services:	
Administration	30,821
Fiscal	584
Business	603
Operations and Maintenance	5,453
Pupil Transportation	51,602
Extracurricular Activities	14,755
Food Service Operations	4,862
<i>Total Depreciation Expense</i>	<i>\$ 147,395</i>

NOTE 8 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the fiscal year 2011 were as follows:

	Balance 06/30/10	Additions	Reductions	Balance 06/30/11	Amounts Due in One Year
Capital Leases Payable	\$ 202,683	\$ 0	\$ (73,470)	\$ 129,213	\$ 53,552
Compensated Absences	327,570	21,079	(29,284)	319,365	59,400
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	\$ 530,253	\$ 21,079	\$ (102,754)	\$ 448,578	\$ 112,952

Compensated absences will be paid from the general fund and food service fund. Capital leases are paid from the general fund. See Note 9 for details on the District's capital leases.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 – CAPITALIZED LEASES

In prior years the District entered into lease agreements for school buses and copier equipment. These leases meet the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds.

The school buses and copier equipment have been capitalized in the governmental capital assets in the amount of \$979,544 and \$154,326, respectively, the present value of the minimum lease payments at the inception of each lease. A corresponding liability was recorded in the statement of net assets and is reduced for each required principal payment. The amortization schedule is based upon the repayment of the entire authorized amount of the lease.

The following is a summary of the District’s future annual debt service requirements to maturity for capital leases:

		School Buses	Copiers	Total
Fiscal Year Ending June 30,	2012	\$ 27,875	\$ 38,144	\$ 66,019
	2013	0	38,144	38,144
	2014	0	38,144	38,144
	2015	0	7,808	7,808
		<u>27,875</u>	<u>122,240</u>	<u>150,115</u>
Less: amount representing interest		<u>3,765</u>	<u>17,137</u>	<u>20,902</u>
Present value of minimum lease payments		<u><u>\$ 24,110</u></u>	<u><u>\$ 105,103</u></u>	<u><u>\$ 129,213</u></u>

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2011, the District contracted with Verne Hart Insurance Agency for liability, property and fleet insurance. Coverage's provided by Verne Hart Insurance Agency are as follows:

<u>Description</u>	<u>Amount</u>
Building and Contents	
Replacement cost	\$21,690,790
Deductible	1,000
Liability	
School Board Errors and Omissions Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	1,000,000
Deductible	5,000
Law Enforcement Professional Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	1,000,000
Sexual Misconduct and Molestation Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	1,000,000
General Liability	
Per occurrence combined single limit	1,000,000
Annual aggregate limit - General	2,000,000
Products/completed operations aggregate limit	2,000,000
Stop Gap	
Basic	1,000,000
Aggregate	3,000,000
Automotive Liability	
Liability	
Per occurrence combined single limit	1,000,000
Medical payments limit	500
Each uninsured/underinsured motorists coverage	1,000,000
Non-owned and hired liability	1,000,000
Auto Physical Damage (actual cash value)	
Comprehensive deductible	1,000
Collision deductible	1,000

Ridgedale Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 10 - RISK MANAGEMENT (continued)

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

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B funds. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$116,480 \$138,044 and \$105,378, respectively; 41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

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

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$435,002, \$418,087 and \$416,119, respectively; 83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$7,382 made by the District and \$5,273 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2011, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$14,104, \$4,969 and \$48,226, respectively; 41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$7,496, \$8,209 and \$8,695, respectively; 41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS - (continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$33,462, \$32,161 and \$32,009, respectively; 83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance

	General Fund
GAAP basis	\$ 375,263
Net adjustment for revenue accruals	(119,725)
Advances In	40,000
Net adjustment for expenditure accruals	49,450
Advances out	40,000
Funds budgeted elsewhere **	(5,498)
Adjustment for encumbrances	(8,168)
Budget basis	\$ 371,322

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING (continued)

** As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Type Fund Definitions*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes academic wall of fame, uniform school supplies and public school support funds.

NOTE 14 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General	Other Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Restricted for:			
Textbooks	\$ 194,730	\$ 0	\$ 194,730
Food Service Operations	0	50,448	50,448
Extracurricular Activities	0	35,958	35,958
Special Education	0	2,614	2,614
Other Purposes	0	20,400	20,400
Total Restricted	<u>194,730</u>	<u>109,420</u>	<u>304,150</u>
Assigned for:			
Encumbrances	4,978	0	4,978
Capital Projects	0	13,997	13,997
Total Assigned	<u>4,978</u>	<u>13,997</u>	<u>18,975</u>
Unassigned	<u>2,464,215</u>	<u>0</u>	<u>2,464,215</u>
<i>Total Fund Balance</i>	<u><u>\$ 2,663,923</u></u>	<u><u>\$ 123,417</u></u>	<u><u>\$ 2,787,340</u></u>

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 16 - STATUTORY RESERVES

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

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

	Textbooks	Capital Improvements
Set-Aside Restricted Balance as of June 30, 2010	\$ 210,576	\$ 0
Current Year Set-Aside Requirement	113,796	113,796
Contribution in Excess of the Current Fiscal Year Set-Aside Requirement	0	0
Current Year Qualifying Disbursements	(129,642)	(283,880)
Excess Qualified Expenditures from Prior Years	0	0
Current Year Offsets	0	0
Waiver Granted by Department of Education	0	0
Prior Year Offsets from Bond Proceeds	0	0
Totals	\$ 194,730	\$ (170,084)
Balance Carried Forward to Fiscal Year 2012	\$ 194,730	\$ 0
Set-Aside Restricted Balance as of June 30, 2011	\$ 194,730	\$ 0

Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. The District did not have enough qualifying disbursements to exceed the requirements for textbooks and other instructional materials and a restricted fund balance of \$194,730 is presented on the balance sheet. This amount is also reported as restricted cash and investments in the general fund. Effective July 1, 2011, textbook set-aside laws have been repealed.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 17 – SUBSEQUENT EVENTS

Subsequent to the fiscal year ended June 30, 2011, the District purchased four classroom modular buildings for \$76,000. Also, the District's property tax renewal levy passed in November 2011.

NOTE 18 - RIDGEDALE COMMUNITY SCHOOL

A. Significant Accounting Policies

The basic financial statements of the Ridgedale Community School (the "School") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The School has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The School's significant accounting policies are described below.

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

Measurement Focus and Basis of Accounting - Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process - Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the School's contract with its Sponsor, except House Bill 364, which took effect April 8, 2003, added Ohio Revised Code Section 3314.03(11)(d), which states that community schools must comply with Ohio Revised Code Section 5705.391. This requires each community school to submit to the Ohio Department of Education (ODE) a five year forecast no later than October 31 of each year. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

Cash and Cash Equivalents - Cash held by the School is reflected as "equity in pooled cash and cash equivalents" on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2011, the School had no investments.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 - RIDGEDALE COMMUNITY SCHOOL (Continued)

Intergovernmental Revenues - The School currently participates in the State Foundation Program and the State Special Education Program. Revenue received from this program is recognized as operation revenues (foundation payments) in the accounting period in which they are earned and become measurable.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

The School participates in the EMIS, Ohio K-12 Network, IDEA Part B, Title I, Title I-A, Title II-A, Title II-D, Title V, and Safe and Drug Free Schools grants. Of the grants awarded, \$13,520 was a receivable at June 30, 2011.

Capital Assets - The School maintains a capitalization threshold of \$2,500. Donated capital assets are recorded at their fair market value on the date donated. The School did not have any assets meeting the capitalization threshold or any donated capital assets.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School had unrestricted net assets of \$289,060 at June 30, 2011.

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

B. Deposits

At June 30, 2011, the carrying amount of all School deposits was \$276,235. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$41,140 of the School's bank balance of \$291,140 was uncollateralized, while \$250,000 was covered by the Federal Deposit Insurance Corporation.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 - RIDGEDALE COMMUNITY SCHOOL (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

C. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2011, the School was named on the sponsor's policy for property and general liability insurance.

D. Service Contracts

Tri-Rivers Educational Computer Association - The School entered into an agreement on August 19, 2009, with the Tri-Rivers Educational Computer Association (TRECA) for planning, instructional, administrative and technical services required for the operation of the School. Under this contract, TRECA is required to provide the following services:

1. Via online delivery, its standardized digital curriculum, as described at the website of the TRECA Digital Academy.
2. Cooperate with the School in conducting assessments and in developing a draft evaluation team report as part of any required initial evaluation of a Suspected Disabled Student or reevaluation of a Suspected Disabled or Disabled Student.
3. Provide for the participation of the teacher(s) of the Disabled Student, in person or by telephone, in IEP or related meetings.
4. Communicate with the School regarding educational or related services that are mandated by a Disabled Student's IEP but which TRECA has reason to believe are not being provided. TRECA shall also communicate with the School regarding any Disabled or Suspected Disabled Student who requires assessments as part of an initial evaluation or reevaluation and/or the development of a draft evaluation team report.
5. Provide such other services, including but not limited to the standard hardware and software package, and the standard technical and administrative services, as are provided generally by TRECA to Students.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 - RIDGEDALE COMMUNITY SCHOOL (Continued)

For these services, the School is required to pay the following fees to TRECA:

1. Annual Fee - The School shall pay \$15,000 each school year for services acquired from TRECA. The School made this required payment during fiscal year 2011.
2. Tier One Enrollment - The School shall pay \$500 per student per academic year, prorated for the portion of the academic year for which a student is enrolled in the School and educated by TRECA for those students receiving Tier One Enhancement Services. Students who are provided with a modified curriculum, but who are not placed in TRECA's online special education resource room shall be regarded as receiving Tier One Enhancement Services.
3. Tier Two Enrollment - The School shall pay between \$1,500 and \$23,000 per student per academic year, prorated for the portion of the academic year for which a student is enrolled in the School and educated by TRECA for those students receiving Tier Two Enhancement Services. Students who are placed in TRECA's online special education resource room for all or any part of their education shall be regarded as receiving Tier Two Enhancement Services. The fee paid for Tier Two Enhancement Services is based on the severity of the Disabled Student's handicap as outlined in the TRECA Enhancement Services exhibit to the Comprehensive Services Agreement between the School and TRECA.

The following payments were made in fiscal year 2011 from the School to TRECA:

Professional and technical services	<u>\$ 21,554</u>
-------------------------------------	------------------

Ridgedale Local School District - The Community School Sponsorship Contract between the School and Ridgedale Local School District (the "Sponsor") outlined the specific payments to be made by the School to Ridgedale Local School District during fiscal year 2011. In addition, the Community School Sponsorship Contract stated that the two parties agreed to pay other mutually agreed upon amounts, including fees for any services provided to the School by Ridgedale Local School District. The School paid the Sponsor \$178,912 during fiscal year 2011 for professional and technical services.

Additionally, the contract allows, based on mutual agreement, for the annual payment of \$2,500 per student for grades K-8 and \$1,500 per student for grades 9-12 from the School to the Sponsor. This payment was \$47,080 in fiscal year 2011.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 - RIDGEDALE COMMUNITY SCHOOL (Continued)

E. Contingencies

Grants - The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. 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 at June 30, 2011.

State Foundation Funding – The Ohio Department of Education conducts an annual review of enrollment data and full-time equivalency (FTE) calculations made by the community school. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. Upon final review of the state funding in 2011, it was found that the State under-paid the School by \$3,112. This amount was recorded as an intergovernmental receivable as of June 30, 2011.

December 28, 2011

The Board of Education
Ridgedale Local School District
Morral, Ohio 43337

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ridgedale Local School District, Marion County, Ohio, (the "District") as of and for the year ended June 30, 2011, and have issued our report thereon dated December 28, 2011. 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

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 are required to be reported under *Government Auditing Standards*.

Ridgedale Local School District
Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards
December 28, 2011

We noted certain matters that we reported to management of the District in a separate letter dated December 28, 2011.

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

Rea & Associates, Inc.

December 28, 2011

The Board of Education
Ridgedale Local School District
Morral, Ohio 43337

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of Ridgedale Local School District, Marion County, Ohio, (the "District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The 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 District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 the 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 the District's compliance with those requirements.

In our opinion, Ridgedale Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the 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 the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, 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.

Ridgedale Local School District
Independent Auditor's Report on Compliance With
Requirements That Could Have a Direct and Material
Effect on Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133
December 28, 2011

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

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

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

Rea & Associates, Inc.

RIDGEDALE LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements	Non-cash Transactions
U. S. Department of Education					
(Passed Through Ohio Department of Education):					
<i>Title I Cluster:</i>					
Title I Grants to Local Education Agencies -- Subsidy G	84.377	2009	\$ 0	\$ 284	\$ 0
Title I Grants to Local Education Agencies	84.010	2010	15,395	15,644	0
Title I Grants to Local Education Agencies	84.010	2011	86,106	84,945	0
ARRA -- Title I Grants to Local Education Agencies	84.389	2010	0	4,071	0
ARRA -- Title I Grants to Local Education Agencies	84.389	2011	18,294	19,568	0
Total Title I Cluster			119,795	124,512	0
Title II-A Improving Teacher Quality	84.367	2010	0	93	0
Title II-A Improving Teacher Quality	84.367	2011	30,157	33,675	0
Total Title II-A			30,157	33,768	0
ARRA -- Title II-D Education Technology Grants	84.386	2010	594	0	0
ARRA -- Title II-D Education Technology Grants	84.386	2011	349	349	0
Total Title II-D			943	349	0
ARRA - State Fiscal Stabilization Fund – Education State Grants	84.394	2011	250,839	250,839	0
Title IV-A Safe and Drug-Free Schools and Communities	84.186	2011	236	0	0
<i>Special Education Cluster:</i>					
IDEA-B, Special Education Grants to States	84.027	2010	0	752	0
IDEA-B, Special Education Grants to States	84.027	2011	147,167	147,167	0
ARRA - IDEA-B Special Education Grants to States	84.391	2010	1,907	6,937	0
ARRA - IDEA-B Special Education Grants to States	84.391	2011	111,082	113,711	0
Total Special Education Cluster			260,156	268,567	0
Total U. S. Department of Education			662,126	678,035	0
U. S. Department of Agriculture					
(Passed Through Ohio Department of Education):					
<i>Nutrition Cluster:</i>					
Commodity Distribution Program	10.555	2011	23,034	0	23,034
School Breakfast Program	10.553	2011	29,769	29,769	0
National School Lunch Program	10.555	2001	129,895	129,895	0
Total Nutrition Cluster			182,698	159,664	23,034
Total U. S. Department of Agriculture			182,698	159,664	23,034
Total Federal Assistance			\$ 844,824	\$ 837,699	\$ 23,034

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**Ridgedale Local School District
Marion County**

*Notes to the Schedule of Expenditures of Federal Awards – Cash Basis
For the Fiscal Year Ended June 30, 2011*

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

Ridgedale Local School District
Marion County
Schedule of Findings and Questioned Costs
OMB Circular A-133, Section .505
For the Fiscal Year Ended June 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS
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Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	No
Noncompliance material to financial statements noted?	No
Federal Awards	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	ARRA - State Fiscal Stabilization Fund – Education State Grants CFDA #84.394
	Special Education Cluster CFDA # 84.027 & 84.391
Dollar threshold used to distinguish between Type A and type B programs:	Type A: \$300,000 Type B: All Others
Auditee qualified as low-risk auditee?	No

Ridgedale Local School District
Marion County
Schedule of Findings and Questioned Costs
OMB Circular A-133, Section .505
For the Fiscal Year Ended June 30, 2011

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

Ridgedale Local School District
Marion County
Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-01	The District's internal control procedures require proper approval of expenditures prior to issuance of payment which was not being obtained.	Yes	

December 28, 2011

The Board of Education
Ridgedale Local School District
Morral, Ohio 43337

Independent Accountant's Report on Applying Agreed-Upon Procedure

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

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

1. We noted the Board amended its anti-harassment policy on November 17, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Rea & Associates, Inc.

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Dave Yost • Auditor of State

RIDGEDALE LOCAL SCHOOL DISTRICT

MARION 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 22, 2012**