

**RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO**

***GENERAL PURPOSE
FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2001***

BEVERLY MARSHALL, TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 Trimble, Julian & Grube, Inc., for the audit period July 1, 2000 through June 30, 2001. 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.

JIM PETRO
Auditor of State

December 31, 2001

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**RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO**

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Independent Auditor's Report

Board of Education
Ridgedale Local School District
3103 Hillman-Ford Rd.
Morral, Ohio 43337

We have audited the accompanying general purpose financial statements of the Ridgedale Local School District, Marion County, (the "School District") as of and for the fiscal year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ridgedale Local School District, Marion County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust funds for the fiscal 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 3, 2001 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Trimble, Julian & Grube, Inc.
December 3, 2001

Ridgedale Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects			General Fixed Assets	Long-Term Obligations	Totals		
								Trust and Agency		General Long-Term Obligations
<u>Assets and Other Debits:</u>										
<u>Assets:</u>										
Equity in Pooled Cash and Cash Equivalents	\$1,976,036	\$211,332	\$178,870	\$10,504	\$60,684	\$0	\$0	\$0	\$2,437,426	
Cash and Cash Equivalents with Fiscal Agent	0	530	0	0	0	0	0	0	530	
Receivables:										
Property Taxes	2,248,796	0	0	0	0	0	0	0	2,248,796	
Accounts	52,035	3,571	160,674	602	0	0	0	0	216,882	
Intergovernmental	37,881	13,576	0	6,396	0	0	0	0	57,853	
Accrued Interest	64	0	0	0	0	0	0	0	64	
Interfund	29,228	0	0	0	0	0	0	0	29,228	
Prepaid Items	66,965	800	0	2,341	0	0	0	0	70,106	
Inventory Held for Resale	0	0	0	3,728	0	0	0	0	3,728	
Materials and Supplies Inventory	18,008	1,781	0	788	0	0	0	0	20,577	
Restricted Assets:										
Equity in Pooled Cash and Cash Equivalents	31,534	0	0	0	0	0	0	0	31,534	
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	13,338	0	7,197,088	0	0	7,210,426	
<u>Other Debits:</u>										
Amount to be Provided from General Governmental Resources	0	0	0	0	0	0	0	0	967,734	
Total Assets and Other Debits	<u>\$4,460,547</u>	<u>\$231,590</u>	<u>\$339,544</u>	<u>\$37,697</u>	<u>\$60,684</u>	<u>\$7,197,088</u>	<u>\$967,734</u>	<u>\$0</u>	<u>\$13,294,884</u>	

Ridgedale Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects			General Fixed Assets	Long-Term Obligations	Totals		
								General		Long-Term Obligations
<u>Liabilities, Fund Equity, and Other Credits:</u>										
<u>Liabilities:</u>										
Accounts Payable	\$ 55,661	\$ 598	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,259		
Accrued Wages and Benefits	550,848	15,332	0	18,603	0	0	0	584,783		
Compensated Absences Payable	4,652	0	0	9,090	0	0	408,575	422,317		
Intergovernmental Payable	1,114,072	462	0	16,271	0	0	46,418	177,223		
Interfund Payable	0	0	29,228	0	0	0	0	29,228		
Deferred Revenue	1,712,510	14,961	0	1,427	0	0	0	1,728,898		
Due to Students	0	0	0	0	24,329	0	0	24,329		
Energy Conservation Loan Payable	0	0	0	0	0	0	60,000	60,000		
Capital Leases Payable	0	0	0	0	0	0	452,741	452,741		
Total Liabilities	2,437,743	31,353	29,228	45,391	24,329	0	967,734	3,535,778		
<u>Fund Equity and Other Credits:</u>										
Investment in General Fixed Assets	0	0	0	0	0	7,197,088	0	7,197,088		
Contributed Capital	0	0	0	32,640	0	0	0	32,640		
Retained Earnings:										
Unreserved (Deficit)	0	0	0	(40,334)	0	0	0	(40,334)		
Fund Balance:										
Reserved for Property Taxes	603,307	0	0	0	0	0	0	603,307		
Reserved for Inventory	18,008	1,781	0	0	0	0	0	19,789		
Reserved for Textbooks	2,306	0	0	0	0	0	0	2,306		
Reserved for BWC refunds	29,228	0	0	0	0	0	0	29,228		
Reserved for Contributions	0	0	0	0	13,477	0	0	13,477		
Reserved for Encumbrances	5,736	6,392	0	0	0	0	0	12,128		
Unreserved, Undesignated	1,364,219	192,064	310,316	0	22,878	0	0	1,889,477		
Total Fund Equity and Other Credits	2,022,804	200,237	310,316	(7,694)	36,355	7,197,088	0	9,759,106		
Total Liabilities, Fund Equity, and Other Credits	\$ 4,460,547	\$ 231,590	\$ 339,544	\$ 37,697	\$ 60,684	\$ 7,197,088	\$ 967,734	\$ 13,294,884		

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Ridgedale Local School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals
	General	Special Revenue	Capital Projects	Fund Type Expendable Trust	(Memorandum Only)
<u>Revenues:</u>					
Property Taxes	\$ 2,245,336	\$0	\$0	\$0	\$ 2,245,336
Intergovernmental	2,757,468	298,200	38,437	0	3,094,105
Interest	154,858	7,627	1,776	230	164,491
Tuition and Fees	688,097	0	0	0	688,097
Extracurricular Activities	0	318,007	0	0	318,007
Gifts and Donations	40,000	2,974	0	1,300	44,274
Miscellaneous	105,006	1,310	309,833	0	416,149
Total Revenues	<u>5,990,765</u>	<u>628,118</u>	<u>350,046</u>	<u>1,530</u>	<u>6,970,459</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	2,958,906	217,699	0	500	3,177,105
Special	279,190	91,522	0	0	370,712
Vocational	255,156	0	0	0	255,156
Other	34,757	0	0	0	34,757
Support Services:					
Pupils	159,135	52,873	0	0	212,008
Instructional Staff	339,588	16,153	0	0	355,741
Board of Education	15,262	0	0	0	15,262
Administration	753,771	25,173	8,630	0	787,574
Fiscal	200,317	807	0	0	201,124
Business	964	0	0	0	964
Operation and Maintenance of Plant	820,795	1,171	24,519	0	846,485
Pupil Transportation	391,433	685	0	0	392,118
Non-Instructional Services	2,387	170	0	0	2,557
Extracurricular Activities	116,678	166,058	2,353	0	285,089
Capital Outlay	0	0	111,568	0	111,568
Debt Service:					
Principal Retirement	89,419	0	0	0	89,419
Interest and Fiscal Charges	44,963	0	0	0	44,963
Total Expenditures	<u>6,462,721</u>	<u>572,311</u>	<u>147,070</u>	<u>500</u>	<u>7,182,602</u>
Excess of Revenues Over (Under) Expenditures	<u>(471,956)</u>	<u>55,807</u>	<u>202,976</u>	<u>1,030</u>	<u>(212,143)</u>
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	0	0	78,542	0	78,542
Operating Transfers Out	<u>(78,542)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(78,542)</u>
Total Other Financing Sources (Uses)	<u>(78,542)</u>	<u>0</u>	<u>78,542</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(550,498)</u>	<u>55,807</u>	<u>281,518</u>	<u>1,030</u>	<u>(212,143)</u>
Fund Balances at Beginning of Year	2,583,470	145,695	28,798	3,959	2,761,922
Decrease in Reserve for Inventory	<u>(10,168)</u>	<u>(1,265)</u>	<u>0</u>	<u>0</u>	<u>(11,433)</u>
Fund Balances at End of Year	<u>\$ 2,022,804</u>	<u>\$ 200,237</u>	<u>\$ 310,316</u>	<u>\$ 4,989</u>	<u>\$ 2,538,346</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Ridgedale Local School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds			Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:															
Property Taxes	\$ 2,083,656	\$ 2,243,628	\$ 159,972	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,083,656	\$ 2,243,628	\$ 159,972
Intergovernmental	2,741,381	2,758,718	17,337	318,813	38,437	23,607	35,437	38,437	3,000	0	0	3,072,024	3,115,968	43,944	
Interest	160,000	159,582	(418)	5,650	7,627	1,977	1,977	1,776	1,776	150	230	165,800	169,215	3,415	
Tuition and Fees	702,913	690,667	(12,246)	0	0	0	0	0	0	0	0	702,913	690,667	(12,246)	
Extracurricular Activities	0	0	0	293,000	320,736	27,736	0	0	0	0	0	293,000	320,736	27,736	
Gifts and Donations	40,000	40,000	0	8,650	2,974	(5,676)	0	0	0	470	1,300	49,120	44,274	(4,846)	
Miscellaneous	21,250	106,884	85,634	0	0	0	149,159	149,159	0	0	0	170,409	256,043	85,634	
Total Revenues	5,749,200	5,999,479	250,279	602,506	650,150	47,644	184,596	189,372	4,776	620	1,530	6,536,922	6,840,531	303,609	
Expenditures:															
Current:															
Instruction:															
Regular	2,947,384	2,937,792	9,592	235,475	220,152	15,323	34,676	34,676	0	500	500	3,218,035	3,193,120	24,915	
Special	287,982	277,414	10,568	108,447	90,754	17,693	0	0	0	0	0	396,429	368,168	28,261	
Vocational	255,705	248,572	7,133	0	0	0	0	0	0	0	0	255,705	248,572	7,133	
Other	40,200	36,618	3,582	0	0	0	0	0	0	0	0	40,200	36,618	3,582	
Support Services:															
Pupils	161,774	157,528	4,246	53,133	52,725	408	0	0	0	0	0	214,907	210,253	4,654	
Instructional Staff	343,847	337,598	6,249	15,275	12,823	2,452	0	0	0	0	0	359,122	350,421	8,701	
Board of Education	9,425	8,795	630	0	0	0	0	0	0	0	0	9,425	8,795	630	
Administration	776,820	752,357	24,463	26,503	25,293	1,210	8,854	8,814	40	0	0	812,177	786,464	25,713	
Fiscal	206,070	196,776	9,294	807	807	0	0	0	0	0	0	206,877	197,583	9,294	
Business	1,480	1,066	414	0	0	0	0	0	0	0	0	1,480	1,066	414	
Operation and Maintenance of Plant	828,270	809,777	18,493	1,289	1,171	118	105,334	62,609	42,725	0	0	934,893	873,557	61,336	
Pupil Transportation	510,670	501,907	8,763	500	250	250	0	0	0	0	0	511,170	502,157	9,013	
Non-Instructional Services	2,375	2,375	0	170	170	0	0	0	0	0	0	2,545	2,545	0	
Extracurricular Activities	119,120	116,669	2,451	177,750	167,314	10,436	40,971	40,971	0	0	0	337,841	324,954	12,887	
Capital Outlay	0	0	0	0	0	0	131,500	0	131,500	0	0	131,500	0	131,500	
Debt Service:															
Principal Retirement	30,000	30,000	0	0	0	0	0	0	0	0	0	30,000	30,000	0	
Interest and Fiscal Changes	4,950	4,125	825	0	0	0	0	0	0	0	0	4,950	4,125	825	
Total Expenditures	6,526,072	6,419,369	106,703	619,349	571,459	47,890	321,335	147,070	174,265	500	500	7,467,256	7,138,398	328,858	
Excess of Revenues Over (Under) Expenditures	(776,872)	(419,890)	356,982	(16,843)	78,691	95,534	(136,739)	42,302	179,041	120	1,030	(930,334)	(297,867)	632,467	
Other Financing Sources (Uses):															
Refund of Prior Year Expenditures	400	15,413	15,013	0	812	812	0	0	0	0	0	400	16,225	15,825	
Other Financing Sources	0	0	0	995	498	(497)	0	0	0	0	0	995	498	(497)	
Operating Transfers In	0	0	0	0	0	0	108,270	107,770	(500)	0	0	108,270	107,770	(500)	
Operating Transfers Out	(107,770)	(107,770)	0	0	0	0	0	0	0	0	0	(107,770)	(107,770)	0	
Advances In	29,437	29,437	0	0	0	0	(29,437)	(29,437)	0	0	0	29,437	29,437	0	
Advances Out	0	0	0	0	0	0	0	0	0	0	0	(29,437)	(29,437)	0	
Total Other Financing Sources (Uses)	(77,933)	(62,920)	15,013	995	1,310	315	78,833	78,333	(500)	0	0	1,895	16,723	14,828	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(854,805)	(482,810)	371,995	(15,848)	80,001	95,849	(57,906)	120,635	178,541	120	1,030	(928,439)	(281,144)	647,295	
Fund Balances at Beginning of Year	2,442,867	2,442,867	0	122,629	122,629	0	58,235	58,235	0	3,959	3,959	2,627,690	2,627,690	0	
Prior Year Encumbrances Appropriated	1,484	1,484	0	1,820	1,820	0	0	0	0	0	0	3,304	3,304	0	
Fund Balances at End of Year	\$ 1,589,546	\$ 1,961,541	\$ 371,995	\$ 108,601	\$ 204,450	\$ 95,849	\$ 329	\$ 178,870	\$ 178,541	\$ 4,079	\$ 4,989	\$ 1,702,555	\$ 2,349,850	\$ 647,295	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Ridgedale Local School District
 Combined Statement of Revenues, Expenses,
 and Changes in Fund Equity
 Proprietary Fund Type and Non-Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	
<u>Operating Revenues:</u>			
Sales	\$ 221,040	\$0	\$ 221,040
Interest	0	1,243	1,243
Contributions and Donations	0	11,750	11,750
Other Operating Revenues	27	0	27
Total Operating Revenues	<u>221,067</u>	<u>12,993</u>	<u>234,060</u>
<u>Operating Expenses:</u>			
Salaries	99,038	0	99,038
Fringe Benefits	46,773	0	46,773
Purchased Services	2,695	0	2,695
Materials and Supplies	1,547	0	1,547
Cost of Sales	184,067	0	184,067
Depreciation	954	0	954
Other Operating Expenses	710	1,250	1,960
Total Operating Expenses	<u>335,784</u>	<u>1,250</u>	<u>337,034</u>
Operating Income (Loss)	<u>(114,717)</u>	<u>11,743</u>	<u>(102,974)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	22,052	0	22,052
Operating Grants	55,290	0	55,290
Interest	2,258	0	2,258
Loss on Disposal of Fixed Asset	(166)	0	(166)
Total Non-Operating Revenues	<u>79,434</u>	<u>0</u>	<u>79,434</u>
Net Income (Loss)	(35,283)	11,743	(23,540)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>(5,051)</u>	<u>19,623</u>	<u>14,572</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(40,334)	31,366	(8,968)
Contributed Capital at Beginning and End of Year	<u>32,640</u>	<u>0</u>	<u>32,640</u>
Total Fund Equity at End of Year	<u>\$ (7,694)</u>	<u>\$ 31,366</u>	<u>\$ 23,672</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Ridgedale Local School District
 Combined Statement of Cash Flows
 Proprietary Fund Type and Non-Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type Non-Expendable Trust	Totals (Memorandum Only)
	Enterprise		
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 221,050	\$0	\$ 221,050
Cash Received from Contributions and Donations	0	11,750	11,750
Cash Payments for Salaries	(99,568)	0	(99,568)
Cash Payments for Fringe Benefits	(44,907)	0	(44,907)
Cash Payments to Suppliers for Goods and Services	(166,444)	0	(166,444)
Cash Received from Other Revenues	523	0	523
Cash Payments for Other Expenses	(710)	(1,250)	(1,960)
Net Cash Used for Operating Activities	<u>(90,056)</u>	<u>10,500</u>	<u>(79,556)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	<u>55,251</u>	<u>0</u>	<u>55,251</u>
Net Cash Flows from Noncapital Financing Activities	<u>55,251</u>	<u>0</u>	<u>55,251</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Payments for Fixed Assets	(3,950)	0	(3,950)
Cash Received from Sale of Fixed Assets	<u>75</u>	<u>0</u>	<u>75</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(3,875)</u>	<u>0</u>	<u>(3,875)</u>
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	<u>2,258</u>	<u>1,243</u>	<u>3,501</u>
Net Cash Flows from Investing Activities	<u>2,258</u>	<u>1,243</u>	<u>3,501</u>
Net Increase in Cash and Cash Equivalents	(36,422)	11,743	(24,679)
Cash and Cash Equivalents at Beginning of Year	46,926	19,623	66,549
Cash and Cash Equivalents at End of Year	<u>\$ 10,504</u>	<u>\$ 31,366</u>	<u>\$ 41,870</u>

Reconciliation of Operating Income (Loss) to Net

Cash Used for Operating Activities:

Operating Income (Loss)	(114,717)	11,743	(102,974)
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Adjustments to Reconcile Operating Income (Loss) to Net

Cash Used for Operating Activities:

Depreciation	954	0	954
Donated Commodities Used During Year	22,052	0	22,052
Interest Reported as Operating Income	0	(1,243)	(1,243)
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	506	0	506
Increase in Prepaid Items	(627)	0	(627)
Decrease in Inventory Held for Resale	131	0	131
Decrease in Materials and Supplies Inventory	283	0	283
Increase in Accrued Wages and Benefits	2,200	0	2,200
Decrease in Compensated Absences Payable	(2,136)	0	(2,136)
Increase in Intergovernmental Payable	1,298	0	1,298
Net Cash Used for Operating Activities	<u>\$ (90,056)</u>	<u>\$ 10,500</u>	<u>\$ (79,556)</u>

Reconciliation of Non-Expendable Trust Funds Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$60,684
Less Agency Funds	(24,329)
Less Expendable Trust Funds	(4,989)
Cash and Cash Equivalents - Non-Expendable Trust Funds	<u>\$31,366</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1957. The School District serves an area of approximately one hundred twenty-five square miles. It is located in Crawford, Marion, and Wyandot Counties. The School District is the 520th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by fifty-one classified employees, seventy-four certified teaching personnel, and six administrative employees who provide services to 1,067 students and other community members. The School District currently operates two elementary schools, a junior high/high school, and an administration building.

Reporting Entity

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

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

The School District participates in five jointly governed organizations and an insurance pool. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Tri-Rivers Joint Vocational School, North Central Ohio Special Education Regional Resource Center, Northwestern Ohio Educational Research Council, Inc., North Central Regional Professional Development Center, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Type

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Fund - The enterprise fund is used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) 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.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust funds, non-expendable trust funds, and agency funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. The non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District, except those accounted for in proprietary funds or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund type and non-expendable trust funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund type and non-expendable trust funds.

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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 School District, available means expected to be received within sixty days of fiscal year end.

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function and object level within the General Fund, and fund level in all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds, other than the General Fund, are made by the School District Treasurer.

The Early Childhood Preschool and Library Grant special revenue funds are flow through grants in which the North Central Ohio Educational Service Center and Pleasant Local School District are the primary recipients. Budgetary information for these funds is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

Tax Budget

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 express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Marion County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2001.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the function and object level of expenditures in the General Fund, and at the fund level within all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, 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 at any level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, passed during the fiscal year. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds and funds held by the North Central Ohio Educational Service Center, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for the governmental fund types and expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust funds. There were no outstanding encumbrances in the Food Service Enterprise fund at June 30, 2001.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

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

Cash and cash equivalents held for the School District by the North Central Ohio Educational Service Center are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During fiscal year 2001, investments were limited to non-negotiable certificates of deposit and STAR Ohio. Non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 was \$154,858, which included \$7,636 assigned from other School District funds.

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

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

F. Inventory

Inventory in governmental funds is stated at cost while inventory in the proprietary fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the proprietary fund consists of donated and purchased food and is expensed when used.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials and for Bureau of Workers' Compensation (BWC) refunds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of two hundred fifty dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund is computed using the straight-line method over an estimated useful life of eight to twenty years.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables".

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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 School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term loans and capital leases are reported as liabilities in the general long-term obligations account group until due.

Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in the fund.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary fund that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary fund have been classified as retained earnings.

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, inventories of materials and supplies, textbooks, BWC refunds, contributions, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust funds.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the School District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

NOTE 4 - ACCOUNTABILITY

Accountability

At June 30, 2001, the Food Service enterprise fund had deficit retained earnings of \$40,334 as a result of recording accruals in accordance with GAAP. This fund complied with Ohio state law which does not permit a cash basis deficit at year end.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Non-Expendable Trust Funds are presented on the budgetary basis to provide a 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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust funds and as note disclosure in the proprietary fund type and non-expendable trust funds (GAAP basis).
4. For the proprietary fund, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Early Childhood Preschool and Library Grant special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	(\$550,498)	\$55,807	\$281,518
<u>Increase (Decrease) Due To:</u>			
Revenue Accruals:			
Accrued FY 2000, Received in Cash FY 2001	650,334	30,632	0
Accrued FY 2001, Not Yet Received in Cash	(626,266)	(2,186)	(160,674)
Expenditure Accruals:			
Accrued FY 2000, Paid in Cash FY 2001	(630,142)	(13,606)	0
Accrued FY 2001, Not Yet Paid in Cash	725,233	16,392	0
Cash Adjustments:			
Unrecorded Activity FY 2000	110	0	0
Unrecorded Activity FY 2001	(51)	0	0
Prepaid Items	(7,525)	(169)	0
Advances In	29,437	0	0
Advances Out	0	0	(29,437)
Operating Transfer In		0	29,228
Operating Transfer Out	(29,228)	0	
Excess of Revenues Under Expenditures for Nonbudgeted Funds	1,764	13	0
Encumbrances Outstanding at Year End (Budget Basis)	(45,978)	(6,882)	0
Budget Basis	<u><u>(\$482,810)</u></u>	<u><u>\$80,001</u></u>	<u><u>\$120,635</u></u>

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Loss/Excess of Revenues Under Expenses
Proprietary Fund Type

	Enterprise
GAAP Basis	(\$35,283)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2000, Received in Cash FY 2001	7,465
Accrued FY 2001, Not Yet Received in Cash	(6,998)
Expense Accruals:	
Accrued FY 2000, Paid in Cash FY 2001	(42,602)
Accrued FY 2001, Not Yet Paid in Cash	43,964
Prepaid Items	(627)
Inventory Held for Resale	131
Materials and Supplies Inventory	283
Acquisition of Fixed Assets	(3,950)
Loss on Disposal of Fixed Assets	166
Sale of Fixed Assets	75
Depreciation Expense	954
Budget Basis	(\$36,422)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

At fiscal year end, the School District had \$555 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

At fiscal year end, the School District had \$530 in cash and cash equivalents which are included on the balance sheet of the School District as “Cash and Cash Equivalents with Fiscal Agent”. This represents monies held by the North Central Ohio Educational Service Center who holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No.3.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements”.

At fiscal year end, the carrying amount of the School District’s deposits was \$247,322 and the bank balance was \$359,019. Of the bank balance, \$200,000 was covered by federal depository insurance and \$159,019 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District’s investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or the School District’s agent in the School District’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the School District’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District’s name. The School District’s investment in STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form. At June 30, 2001, the fair value of funds on deposit with STAR Ohio was \$2,221,083.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”. A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$2,469,490	\$0
Cash on Hand	(555)	0
Cash and Cash Equivalents with Fiscal Agent	(530)	0
Investments:		
STAR Ohio	(2,221,083)	2,221,083
GASB Statement No. 3	\$247,322	\$2,221,083

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes received in calendar year 2001 are levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the assessed values as of December 31, 2000, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. 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.

The School District receives property taxes from Crawford, Marion, and Wyandot Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is recognized as revenue at year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$603,307 in the General Fund. The amount available as an advance at June 30, 2000, was \$623,347 in the General Fund.

Accrued property taxes receivable also includes amounts for any late tax settlements made by the Counties. For fiscal year 2001, this amount was \$21,748 in the General Fund.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 7 - PROPERTY TAXES (continued)

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$58,873,190	75.88%	\$59,622,840	76.30 %
Industrial/Commercial	4,693,630	6.05	4,640,140	5.94
Public Utility	9,203,940	11.86	9,481,180	12.13
Tangible Personal	4,816,850	6.21	4,398,750	5.63
Total Assessed Value	<u>\$77,587,610</u>	<u>100.00%</u>	<u>\$78,142,910</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$48.15		\$48.15	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, accrued interest, and interfund receivables. 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. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$216,882.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
City of Marion	\$37,881
Special Revenue Funds	
Eisenhower	368
Title I	6,894
Class Size Reduction	6,314
Total Special Revenue Funds	<u>13,576</u>

(continued)

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 8 - RECEIVABLES (continued)

	Amount
Enterprise Fund	
Food Service	
National School Lunch Program	\$6,396
Total Intergovernmental Receivables	\$57,853

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$136,799
Less Accumulated Depreciation	(123,461)
Net Fixed Assets	\$13,338

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Land and Improvements	\$777,387	\$165,115	\$207,894	\$734,608
Buildings and Improvements	3,909,274	23,102	150,306	3,782,070
Furniture, Fixtures, and Equipment	1,647,898	137,318	114,354	1,670,862
Books	270,032	0	270,032	0
Vehicles	1,097,608	0	88,060	1,009,548
Total	\$7,702,199	\$325,535	\$830,646	\$7,197,088

For fiscal year 2001, the School District will no longer be capitalizing books. Amounts previously recorded as fixed assets are reflected as reductions for fiscal year 2001.

NOTE 10 - INTERFUND ASSETS/LIABILITIES

At June 30, 2001, the General Fund had an interfund receivable and the Permanent Improvement capital projects fund had an interfund payable, in the amount of \$29,228.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted for the following insurance coverage.

Coverage provided by Nationwide Insurance is as follows:

Automobile Liability - umbrella policy	\$5,000,000
General Liability	
Per Occurrence	2,000,000
Total per Year	5,000,000

Coverage provided by Indiana Insurance is as follows:

Uninsured Motorists	1,000,000
Medical Payments - per person	5,000
Building and Contents/Boiler and Machinery (\$500 deductible)	16,983,014
Inland Marine Coverage (\$250 deductible)	380,943
Bodily Injury	5,000,000
School Buses - hired and unowned liability (\$100 deductible comprehensive) (\$250 deductible collision)	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$302,976, \$174,673, and \$172,112, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$50,711, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$38,242, \$45,758, and \$59,330, respectively; 47 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$20,192, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2001, all of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$143,515.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000, and STRS had 99,011 eligible benefit recipients.

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

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$102,734 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred thirty-five days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of thirty to sixty days depending on the employee's length of service.

B. Health Care Benefits

The School District offered health insurance to most employees through United Healthcare of Ohio. The employees shared the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

Dental insurance was offered through Coresource and life insurance was offered through National Term Life Insurance Company. Dental and life insurance were paid entirely by the Board.

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Energy Conservation Loan FY 93 5.50%	\$90,000	\$0	\$30,000	\$60,000
Compensated Absences Payable	387,372	21,203	0	408,575
Intergovernmental Payable	47,147	46,418	47,147	46,418
Capital Leases Payable	512,160	0	59,419	452,741
Total General Long-Term Obligations	<u>\$1,036,679</u>	<u>\$67,621</u>	<u>\$136,566</u>	<u>\$967,734</u>

Energy Conservation Loan - On September 1, 1992, the School District obtained a loan, in the amount of \$331,000, to provide energy conservation measures for the School District. The loan was obtained under the authority of Ohio Revised Code Section 133.06 for a ten year period, with final maturity in fiscal year 2003. The loan is being retired through the General Fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

The School District's overall debt margin was \$7,032,862 with an unvoted debt margin of \$78,143 at June 30, 2001.

Principal and interest requirements to retire the energy conservation loan at June 30, 2001, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	30,000	2,475	32,475
2003	30,000	825	30,825
Total	<u>\$60,000</u>	<u>\$3,300</u>	<u>\$63,300</u>

NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for vehicles. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$698,536. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 were \$59,419 in the general funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	GLTOAG
2002	\$100,258
2003	100,258
2004	100,258
2005	100,258
2006	69,611
2007-2009	96,508
Total minimum lease payments	<u>567,151</u>
Less amount representing interest	<u>(114,410)</u>
Present value of minimum lease payments	<u>\$452,741</u>

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 17 - SET ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. For fiscal year 2001, only the unspent portion of certain workers' compensation refunds continues to be set aside at fiscal year end.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	Textbooks	Capital Improvements	Reserved Budget Stabilization
Balance June 30, 2000	\$0	\$0	\$38,642
Current Year Set Aside Requirement	121,008	121,008	0
Legislative Reduction	0	0	(38,642)
Qualifying Expenditures	(118,702)	(121,008)	0
Reserve Balance June 30, 2001	<u>\$2,306</u>	<u>\$0</u>	<u>\$0</u>

The total reserve balance for the set asides at the end of the fiscal year was \$31,534.

Restricted assets are as follows:

Textbooks	\$ 2,306
BWC refunds	<u>29,228</u>
Total restricted	<u>\$31,534</u>

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Tri-Rivers Educational Computer Association

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school 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 school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. Tri-Rivers Joint Vocational School

The Tri-Rivers Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operates under the direction of a Board consisting of one representative from each of the ten participating school districts' Board of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Terril Martin, who serves as Treasurer, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

C. North Central Ohio Special Education Regional Resource Center

The North Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-six member board including the superintendent from the participating school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Patricia Lyons, Knox County Educational Service Center, 106 East High Street, Mt. Vernon, Ohio 43050.

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

E. 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 organization 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 Eileen Lemaster, Mid-Ohio Educational Service Center, 1495 West Longview Avenue, Suite 202, Mansfield, Ohio 44906.

NOTE 19 - INSURANCE POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School 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 (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP'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 GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 20 - CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

NOTE 21 - STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution was not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

Ridgedale Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 21 - STATE SCHOOL FUNDING DECISION (continued)

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of December 3, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Supreme Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 22 - MISCELLANEOUS REVENUES

Miscellaneous revenues in the General fund and Special Revenue fund type consist primarily of donations and reimbursements. Miscellaneous revenues in the Capital Projects fund type consist primarily of insurance proceeds from a fire which destroyed the School District's bus garage during the fiscal year ended June 30, 2001.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the general purpose financial statements of Ridgedale Local School District as of and for the fiscal year ended June 30, 2001, and have issued our report thereon dated December 3, 2001. 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.

Compliance

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

Board of Education
Ridgedale Local School District

Internal Control Over Financial Reporting

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

This report is intended for the information and use of the management and Board of Education of Ridgedale Local School District, Marion County, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
December 3, 2001



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OFFICE OF THE AUDITOR

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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
JANUARY 15, 2002**