

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

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2002***

RYAN COOK, TREASURER



**Auditor of State
Betty Montgomery**

88 East Broad Street
P. O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490
www.auditor.state.oh.us

Board of Education
Ridgedale Local School District
Morrill, Ohio

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, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 24, 2003

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MARION COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
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**RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

Board of Education
Ridgedale Local School District
3105 Hillman-Ford Road
Morral, Ohio 43337

We have audited the accompanying basic financial statements of Ridgedale Local School District (the "School District"), as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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, 2002, and the results of its operations for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the fiscal year ended June 30, 2002, the School District has implemented Governmental Accounting Standards Board (GASB) Statement 34; Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38, Certain Financial Statement Note Disclosures; and GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

Board of Education
Ridgedale Local School District

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2002, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

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

Trimble, Julian & Grube, Inc.
November 18, 2002

Ridgedale Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

The discussion and analysis of Ridgedale Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2002. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2002 are as follows:

In total, net assets decreased \$363 thousand indicating little change from the prior fiscal year. Several of the larger components of this decrease can be attributed to a significant decrease in interest revenue and increases in regular instruction, administration, and pupil transportation expenses. This decrease represents a 7 percent decrease from fiscal year 2001.

General revenues accounted for \$5,413 thousand, or 73 percent, of all revenues reflecting the School District's significant dependence on property taxes and unrestricted state entitlements.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Ridgedale Local School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in a single column. For Ridgedale Local School District, the General Fund is the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2002. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

Ridgedale Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

These statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, the School District discloses a single type of activity:

Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the General Fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

Ridgedale Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2002 compared to fiscal year 2001:

Table 1
Net Assets
(In Thousands)

	Governmental Activities	
	2002	2001
<u>Assets:</u>		
Current and Other Assets	\$4,016	\$5,027
Capital Assets, Net	4,360	3,665
Total Assets	8,376	8,692
<u>Liabilities:</u>		
Current and Other Liabilities	2,163	2,321
Long-Term Liabilities	1,136	930
Total Liabilities	3,299	3,251
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	3,678	3,152
Restricted	326	529
Unrestricted	1,073	1,760
Total Net Assets	\$5,077	\$5,441

Total assets decreased \$316 thousand. The decrease is primarily due to decreases in equity in pooled cash and cash equivalents, property taxes receivable, and accounts receivable. The most significant decrease is due to a receivable recorded in fiscal year 2001 for insurance proceeds caused by a bus garage fire.

The total liabilities increase of \$48 thousand is due to increases in accrued wages payable, compensated absences payable, and capital leases payable. The increase in accrued wages and compensated absences are due to normal salary increases, increases in sick and vacation balances, and more employees meeting the criteria for inclusion in the liability estimate for compensated absences. The increase in capital leases payable is the result of new leases for buses and modular classrooms.

Ridgedale Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Table 2 reflects the changes in net assets for fiscal year 2002. Since this is the first year the School District has prepared financial statements according to GASB Statement No. 34, revenue and expense comparisons to fiscal year 2001 are not available. In future years, when prior fiscal year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Change in Net Assets
(In Thousands)

	Governmental Activities 2002
<u>Revenues</u>	
Program Revenues:	
Charges for Services and Sales	\$1,188
Operating Grants, Contributions, and Interest	551
Capital Grants, Contributions, and Interest	296
Total Program Revenues	2,035
General Revenues:	
Property Taxes	2,302
Grants and Entitlements	2,879
Interest	52
Gifts and Donations	2
Miscellaneous	178
Total General Revenues	5,413
Total Revenues	7,448
 <u>Expenses</u>	
Instruction	4,166
Support Services:	
Pupils and Instructional Staff	572
Board of Education, Administration, Fiscal, and Business	1,133
Operation and Maintenance of Plant	735
Pupil Transportation	521
Non-Instructional Services	350
Extracurricular Activities	288
Interest and Fiscal Charges	46
Total Expenses	7,811
Increase in Net Assets	(\$363)

Program revenues account for 27 percent of total revenues and are primarily represented by restricted intergovernmental revenues, charges for tuition and fees and extracurricular activities, and food service sales.

Ridgedale Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

The major program expenses for governmental activities are for instruction, which accounts for 53 percent of all governmental expenses. Other programs which support the instructional process, including pupils and instructional staff and pupil transportation account for 14 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 9 percent.

Therefore, over 76 percent of the School District's expenses are related to the primary functions of providing facilities and delivering education. As can be seen, these costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements. Comparisons to fiscal year 2001 have not been made since they are not available.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services 2002	Net Cost of Services 2002
Instruction	\$4,166	\$2,938
Support Services:		
Pupils and Instructional Staff	572	503
Board of Education, Administration, Fiscal, and Business	1,133	1,133
Operation and Maintenance of Plant	735	721
Pupil Transportation	521	485
Non-Instructional Services	350	35
Extracurricular Activities	288	(84)
Interest and Fiscal Charges	46	46
Total Expenses	\$7,811	\$5,777

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 70 percent of instruction activities are supported through taxes and other general revenues. Extracurricular activities had program revenues in excess of expenses of \$84 thousand for the fiscal year. This is due to gate receipts and sales for extracurricular activities. For all governmental activities, support from general revenues is 73 percent. It is apparent that the community, as a whole, is the primary support for Ridgedale Local School District students.

Ridgedale Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$7,525 thousand and expenditures of \$8,592 thousand. The net negative change of \$1,067 thousand in fund balance indicates the School District was not able to meet costs for fiscal year 2002.

General Fund Budgeting Highlights

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

During the course of fiscal year 2002, the School District amended its General Fund budget as needed. Final budgeted revenues, in the amount of \$5,886 thousand, were equal to original budgeted revenues. Final budgeted expenditures, in the amount of \$7,031 thousand, also equaled the original budgeted amounts. While there were insignificant differences among the various revenue and expenditure accounts, the School District has been very effective in preparing its budget.

Actual revenues were less than expenditures by approximately \$623 thousand. The difference can be attributed to recording encumbrances, in the amount of \$38 thousand, which are reflected as expenditures and for rising regular instruction and operation and maintenance costs. As a result of expenditures exceeding revenues, the General Fund experienced a \$589 thousand decrease in cash. While the School Board continues to feel the financial position of the School District is stable, it is aware that expenditures have exceeded revenues for the past several years.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2002, the School District had \$4,360 thousand invested in capital assets (net of accumulated depreciation) for governmental activities, an increase of \$695 thousand, or 19 percent.

The primary increase in capital assets resulted from constructing a new bus garage and athletic complex, and purchasing vehicles.

Ridgedale Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Debt

At June 30, 2002, the School District had an outstanding energy conservation loan, in the amount of \$30 thousand. The loan is being paid from the General Fund over a ten year period, with final maturity in fiscal year 2003.

The School District also had outstanding capital leases, in the amount of \$653 thousand. The leases are being paid from the General Fund, with final maturity in fiscal year 2012.

At June 30, 2002, the School District's overall legal debt margin was \$7,596,749 with an unvoted debt margin of \$84,408.

Current Issues

Ridgedale Local School District remains fairly stable in the state of a declining economy and uncertainty in State funding. Ridgedale Local School District is a residential/farming community currently experiencing minor residential growth. As a result, the School District expects some growth in both residential students and open enrollment.

Over the past several years, the School District has remained in a relatively good financial standing. However, the School District has been spending more than it has received for several years. This trend has caused continual use of carryover monies, and the Administration and Board of Education is faced with challenges to keep the School District solvent. In 1992, the School District passed a five-year emergency levy to generate \$575,034 and has renewed it twice. This levy provides a continuous source of funds.

Ridgedale Local School District has historically had very little industry. However, two companies, U.S. Yachiyo and Marion Industries, built plants in our School District in 1999. Both have 10-year tax abatements from tax year 2000 to 2009. U.S. Yachiyo provides the School District a \$47,000 annual donation and the School District receives 50 percent of all municipal income tax paid by these employees. The School District received \$2,988 for tax year 2000; \$37,881 for tax year 2001, and \$57,050 for tax year 2002. The School District has seen an increase in these taxes as the companies have grown and expanded.

Costs have exceeded revenues in the Food Service fund for several years. During fiscal year 2002, lunch prices were increased for K-12 Type A lunches; however, the increase was not sufficient to cover the spending deficit. The General Fund transferred \$35 thousand to the Food Service fund in June 2002. During the fiscal year, the Superintendent, Treasurer, and Food Service Supervisor met several times to pinpoint the problem. The conclusion was that the high school (grades 7-12) was serving only approximately 50 percent Type A lunches and the remaining lunches were ala carte. The ala carte prices were not high enough to cover the loss from Type A lunches. Surrounding food service supervisors were contacted to determine how their food service was operating. As a result, the School District revised Type A lunch prices for K-6 for fiscal year 2003 and participation in high school ala carte has been reduced significantly. The School District hopes to increase grades 7-12 Type A sales from 50 percent to 90 percent.

Ridgedale Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ryan Cook, Treasurer, Ridgedale Local School District, 3105 Hillman Ford Road, Morral, Ohio 43337.

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Ridgedale Local School District
Statement of Net Assets
June 30, 2002

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$1,737,864
Cash and Cash Equivalents with Fiscal Agent	238
Accounts Receivable	59,449
Intergovernmental Receivable	55,678
Prepaid Items	64,253
Inventory Held for Resale	8,038
Materials and Supplies Inventory	18,703
Property Taxes Receivable	2,071,657
Nondepreciable Capital Assets	50,442
Depreciable Capital Assets, Net	4,309,919
Total Assets	8,376,241
 <u>Liabilities:</u>	
Accounts Payable	31,158
Accrued Wages and Benefits Payable	640,962
Intergovernmental Payable	200,801
Matured Compensated Absences Payable	26,854
Accrued Interest Payable	547
Deferred Revenue	1,262,252
Long-Term Liabilities:	
Due Within One Year	191,131
Due in More Than One Year	945,395
Total Liabilities	3,299,100
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	3,677,705
Restricted For:	
Capital Projects	142,243
Other Purposes	183,716
Unrestricted	1,073,477
Total Net Assets	\$5,077,141

See Accompanying Notes to Basic Financial Statements

Ridgedale Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2002

Expenses	Program Revenues			
	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$3,465,123	\$784,844	\$85,873	\$33,060
Special	425,223	34,398	217,065	0
Vocational	248,942	264	72,688	0
Other	26,689	0	0	0
Support Services:				
Pupils	170,934	0	69,183	0
Instructional Staff	401,351	0	0	0
Board of Education	9,539	0	0	0
Administration	913,083	0	0	0
Fiscal	207,097	0	0	0
Business	3,159	0	0	0
Operation and Maintenance of Plant	734,848	0	0	13,536
Pupil Transportation	520,905	350	6,205	29,119
Non-Instructional Services	349,981	218,575	96,915	0
Extracurricular Activities	288,276	149,093	3,087	220,000
Interest and Fiscal Charges	46,054	0	0	0
Total Governmental Activities	<u>\$7,811,204</u>	<u>\$1,187,524</u>	<u>\$551,016</u>	<u>\$295,715</u>

General Revenues:

Property Taxes Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Interest
Gifts and Donations
Miscellaneous
Total General Revenues

Change in Net Assets

Net Assets Beginning of Year (Restated Note 3)
Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental
Activities

(\$2,561,346)
(173,760)
(175,990)
(26,689)
(101,751)
(401,351)
(9,539)
(913,083)
(207,097)
(3,159)
(721,312)
(485,231)
(34,491)
83,904
(46,054)
<u>(5,776,949)</u>

2,301,688
2,879,392
52,480
1,721
178,253
<u>5,413,534</u>

(363,415)
5,440,556
<u><u>\$5,077,141</u></u>

Ridgedale Local School District
Balance Sheet
Governmental Funds
June 30, 2002

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$1,388,893	\$319,743	\$1,708,636
Cash and Cash Equivalents			
with Fiscal Agent	0	238	238
Accounts Receivable	55,478	3,971	59,449
Interfund Receivable	99	0	99
Intergovernmental Receivable	27,754	27,924	55,678
Prepaid Items	64,212	41	64,253
Inventory Held for Resale	0	8,038	8,038
Materials and Supplies Inventory	15,891	2,812	18,703
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	29,228	0	29,228
Property Taxes Receivable	2,071,657	0	2,071,657
Total Assets	<u>\$3,653,212</u>	<u>\$362,767</u>	<u>\$4,015,979</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$22,962	\$8,196	\$31,158
Interfund Payable	0	99	99
Accrued Wages and Benefits Payable	607,812	33,150	640,962
Intergovernmental Payable	133,307	4,732	138,039
Matured Compensated Absences Payable	26,854	0	26,854
Deferred Revenue	1,393,379	22,879	1,416,258
Total Liabilities	<u>2,184,314</u>	<u>69,056</u>	<u>2,253,370</u>
<u>Fund Balances:</u>			
Reserved for Property Taxes	681,774	0	681,774
Reserved for Budget Stabilization	29,228	0	29,228
Reserved for Encumbrances	21,088	11,466	32,554
Unreserved, Reported in:			
General Fund	736,808	0	736,808
Special Revenue Funds	0	140,002	140,002
Capital Projects Funds	0	142,243	142,243
Total Fund Balances	<u>1,468,898</u>	<u>293,711</u>	<u>1,762,609</u>
Total Liabilities and Fund Balances	<u>\$3,653,212</u>	<u>\$362,767</u>	<u>\$4,015,979</u>

See Accompanying Notes to the Basic Financial Statements

Ridgedale Local School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2002

Total Governmental Fund Balances		\$1,762,609
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.</p>		4,360,361
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds:</p>		
Accounts Receivable	5,137	
Intergovernmental Receivable	21,238	
Property Taxes Receivable	127,631	
		154,006
<p>Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources and, therefore, not reported in the funds.</p>		(62,762)
<p>Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:</p>		
Accrued Interest Payable	(547)	
Energy Conservation Loan Payable	(30,000)	
Compensated Absences Payable	(453,870)	
Capital Leases Payable	(652,656)	
		(1,137,073)
Net Assets of Governmental Activities		\$5,077,141

See Accompanying Notes to the Basic Financial Statements

Ridgedale Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$2,301,362	\$0	\$2,301,362
Intergovernmental	3,081,620	371,289	3,452,909
Interest	52,480	6,733	59,213
Tuition and Fees	676,404	0	676,404
Extracurricular Activities	0	248,987	248,987
Charges for Services	0	218,043	218,043
Gifts and Donations	1,721	2,405	4,126
Miscellaneous	454,965	108,809	563,774
Total Revenues	<u>6,568,552</u>	<u>956,266</u>	<u>7,524,818</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,221,293	179,745	3,401,038
Special	311,960	93,765	405,725
Vocational	246,294	0	246,294
Other	26,689	0	26,689
Support Services:			
Pupils	128,782	57,095	185,877
Instructional Staff	375,101	25,677	400,778
Board of Education	9,539	0	9,539
Administration	867,298	28,535	895,833
Fiscal	202,292	831	203,123
Business	35,054	0	35,054
Operation and Maintenance of Plant	1,017,082	33,375	1,050,457
Pupil Transportation	644,955	1,522	646,477
Non-Instructional Services	1,544	349,490	351,034
Extracurricular Activities	124,151	165,472	289,623
Capital Outlay	0	273,458	273,458
Debt Service:			
Principal Retirement	124,257	0	124,257
Interest and Fiscal Charges	46,601	0	46,601
Total Expenditures	<u>7,382,892</u>	<u>1,208,965</u>	<u>8,591,857</u>
Excess of Revenues			
Under Expenditures	<u>(814,340)</u>	<u>(252,699)</u>	<u>(1,067,039)</u>
<u>Other Financing Sources (Uses):</u>			
Sale of Capital Assets	1,262	0	1,262
Inception of Capital Lease	294,172	0	294,172
Transfers In	0	35,000	35,000
Transfers Out	(35,000)	0	(35,000)
Total Other Financing Sources (Uses)	<u>260,434</u>	<u>35,000</u>	<u>295,434</u>
Net Change in Fund Balances	(553,906)	(217,699)	(771,605)
Fund Balances at Beginning of Year (Restated Note 3)	2,022,804	511,410	2,534,214
Fund Balances at End of Year	<u>\$1,468,898</u>	<u>\$293,711</u>	<u>\$1,762,609</u>

See Accompanying Notes to the Basic Financial Statements

Ridgedale Local School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2002

Net Change in Fund Balances - Total Governmental Funds (\$771,605)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:

Capital Outlay	875,628	
Depreciation	<u>(171,137)</u>	704,491

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(1,262)	
Loss on Disposal of Capital Assets	<u>(8,050)</u>	(9,312)

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

Property Taxes	326	
Intergovernmental	7,662	
Tuition and Fees	(1,127)	
Extracurricular	(5)	
Charges for Services	532	
Miscellaneous	<u>(84,417)</u>	(77,029)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.

124,257

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.

547

The inception of capital lease is an other financing source in the governmental funds, but increases long-term liabilities on the statement of net assets.

(294,172)

Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payables, representing contractually required pension contributions, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Intergovernmental Payable	(4,387)	
Compensated Absences Payable	<u>(36,205)</u>	(40,592)

Change in Net Assets of Governmental Activities		<u><u>(\$363,415)</u></u>
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See Accompanying Notes to the Basic Financial Statements

Ridgedale Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$2,099,743	\$2,244,645	\$2,244,643	(\$2)
Intergovernmental	2,791,880	2,794,978	3,081,620	286,642
Interest	160,000	52,600	52,577	(23)
Tuition and Fees	726,150	682,250	676,544	(5,706)
Gifts and Donations	0	2,000	1,721	(279)
Miscellaneous	108,050	108,850	156,051	47,201
Total Revenues	<u>5,885,823</u>	<u>5,885,323</u>	<u>6,213,156</u>	<u>327,833</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,229,522	3,242,072	3,198,003	44,069
Special	293,700	305,110	304,227	883
Vocational	250,383	250,623	245,635	4,988
Other	38,000	32,900	26,689	6,211
Support Services:				
Pupils	170,029	150,105	127,335	22,770
Instructional Staff	373,839	378,639	363,839	14,800
Board of Education	10,090	10,290	9,316	974
Administration	860,424	894,424	859,532	34,892
Fiscal	204,105	204,105	198,499	5,606
Business	17,700	37,624	37,218	406
Operation and Maintenance of Plant	866,142	795,392	765,863	29,529
Pupil Transportation	558,837	563,837	542,001	21,836
Non-Instructional Services	0	1,550	1,544	6
Extracurricular Activities	130,845	131,845	124,177	7,668
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	2,475	2,475	2,475	0
Total Expenditures	<u>7,036,091</u>	<u>7,030,991</u>	<u>6,836,353</u>	<u>194,638</u>
Excess of Revenues				
Under Expenditures	<u>(1,150,268)</u>	<u>(1,145,668)</u>	<u>(623,197)</u>	<u>522,471</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Capital Assets	0	0	1,262	1,262
Refund of Prior Year Expenditures	0	500	185	(315)
Advances In	0	0	29,228	29,228
Advances Out	0	(100)	(99)	1
Transfers Out	(30,000)	(35,000)	(35,000)	0
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(34,600)</u>	<u>(4,424)</u>	<u>30,176</u>
Net Change in Fund Balance	(1,180,268)	(1,180,268)	(627,621)	552,647
Fund Balance at Beginning of Year	1,961,541	1,961,541	1,961,541	0
Prior Year Encumbrances Appropriated	45,978	45,978	45,978	0
Fund Balance at End of Year	<u>\$827,251</u>	<u>\$827,251</u>	<u>\$1,379,898</u>	<u>\$552,647</u>

See Accompanying Notes to the Basic Financial Statements

Ridgedale Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$36,655	\$28,354
<u>Liabilities:</u>		
Due to Students	0	\$28,354
<u>Net Assets:</u>		
Held in Trust for Students		
Expendable	15,828	
Nonexpendable	20,827	
Total Net Assets	\$36,655	

See Accompanying Notes to the Basic Financial Statements

Ridgedale Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2002

	Private Purpose Trust
<u>Additions:</u>	
Interest	\$976
Contributions and Donations	1,574
Total Additions	2,550
<u>Deductions:</u>	
Other	2,250
Change in Net Assets	300
Net Assets at Beginning of Year	36,355
Net Assets at End of Year	\$36,655

See Accompanying Notes to the Basic Financial Statements

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 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 524th largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by forty-nine classified employees, seventy-two certified teaching personnel, and six administrative employees who provide services to 1,027 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 organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Ridgedale Local School District.

The School District participates in five jointly governed organizations and an insurance purchasing 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 19 and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

The private purpose trust fund is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net assets. The statement of changes in fiduciary net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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.

Nonexchange 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 nonexchange 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, student fees, and charges for services.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board 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 certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

F. 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."

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

During fiscal year 2002, the School District's investments were limited to non-negotiable certificates of deposit, which are reported at cost, and STAR Ohio. 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, 2002.

Note 2 - Summary of Significant Accounting Policies (continued)

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 2002 was \$52,480, which includes \$2,704 assigned from other School District funds.

Investments of the School District's 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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, 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 reported in the year in which services are consumed.

H. Inventory

Inventory is presented at the lower of cost or market. Cost is determined on a first-in, first-out basis and is expensed when used on the government-wide financial statements, and recorded as an expenditure when used on the fund financial statements.

Inventory in the governmental funds consists of administrative supplies and donated and purchased food.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by State statute to be set aside to create a reserve for budget stabilization.

J. Capital Assets

All of the School District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of five thousand dollars. The School District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Description	Useful Lives
Land Improvements	15 - 75 years
Building and Building Improvements	15 - 100 years
Furniture, Fixtures, and Equipment	5 - 75 years
School Buses	10 years
Vehicles other than School Buses	10 - 15 years

K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

L. 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 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.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

M. Accrued Liabilities and Long-Term Obligations

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

Note 2 - Summary of Significant Accounting Policies (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans and capital leases are recognized as a liability on the fund financial statements when due.

N. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

O. Net Assets

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

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Fund Balance Reserves

The School District reserves those portions of fund balance 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 which is available for appropriation in future periods. Fund balance reserves have been established for property taxes, budget stabilization, 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 budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

Q. Capital Contributions

Contributions of capital on fund financial statements arise from outside contributions of capital assets, contributions from other funds, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Note 2 - Summary of Significant Accounting Policies (continued)

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

S. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Note 3 - Change in Accounting Principles and Restatement of Fund Balance

A. Change in Accounting Principles

For fiscal year 2002, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus"; GASB Statement No. 38, "Certain Financial Statement Note Disclosures"; and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

GASB Statement No. 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

On the government-wide financial statements, the beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2001, caused by the conversion to the full accrual basis of accounting.

GASB Statement No. 37 makes certain clarifications regarding escheat property and modifies several provisions of GASB Statement No. 34, including Management's Discussion and Analysis. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

For fiscal year 2002, the School District has increased the threshold amount for capitalizing fixed assets. The threshold amount was increased from \$250 to \$5,000.

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 3 - Change in Accounting Principles and Restatement of Fund Balance (continued)

B. Restatement of Fund Balance

The restatement due to the implementation of the above statements and interpretation had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

The transition from governmental fund balance to net assets of governmental activities:

	General Fund	Other Governmental Funds	Total Governmental Activities
Fund Balance June 30, 2001	\$2,022,804	\$510,553	\$2,533,357
GASB Statement No. 34 Adjustment:			
Change in Fund Structure	0	857	857
Adjusted Fund Balance	2,022,804	511,410	2,534,214
GASB Statement No. 34 Adjustments:			
Accounts Receivable			90,154
Intergovernmental Receivable			13,576
Property Taxes Receivable			127,305
Capital Assets			3,665,182
Intergovernmental Payable			(58,375)
Accrued Interest Payable			(1,094)
Energy Conservation Loan			(60,000)
Compensated Absences Payable			(417,665)
Capital Leases Payable			(452,741)
Governmental Activities Net Assets at June 30, 2001			\$5,440,556

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2002, the Title I special revenue fund had a deficit fund balance of \$9,690 resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The Food Service special revenue fund had appropriations in excess of estimated resources plus available fund balances for the fiscal year ended June 30, 2002, in the amount of \$24,489. During the fiscal year, the School District did not make an appropriate adjustment to appropriations. The Treasurer will more closely monitor this in the future.

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 5 - Budgetary Basis of Accounting

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

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

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Net Change in Fund Balance	
GAAP Basis	(\$553,906)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2001, Received in Cash FY 2002	626,266
Accrued FY 2002, Not Yet Received in Cash	(761,510)
Expenditure Accruals:	
Accrued FY 2001, Paid in Cash FY 2002	(725,233)
Accrued FY 2002, Not Yet Paid in Cash	790,935
Cash Adjustments:	
Unrecorded Activity FY 2001	51
Unrecorded Activity FY 2002	(18)
Prepaid Items	2,753
Materials and Supplies Inventory	2,117
Advances In	29,228
Advances Out	(99)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(38,205)
Budget Basis	(\$627,621)

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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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;
6. The State Treasurer's investment pool (STAR Ohio);

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 6 - Deposits and Investments (continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or 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 as part of "Equity in Pooled Cash and Cash Equivalents".

At fiscal year end, the School District had \$238 in cash and cash equivalents held by the North Central Ohio Educational Service Center which is included as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center 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 \$231,836 and the bank balance was \$356,816. Of the bank balance, \$200,000 was covered by federal depository insurance and \$156,816 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 its 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. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. At June 30, 2002, the fair value of funds on deposit with STAR Ohio was \$1,570,482.

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 6 - Deposits and Investments (continued)

The classification of cash and cash equivalents and investments on the basic financial statements 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 basic financial statements 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	\$1,803,111	\$0
Cash on Hand	(555)	0
Cash and Cash Equivalents with Educational Service Center	(238)	0
STAR Ohio	(1,570,482)	1,570,482
GASB Statement No. 3	\$231,836	\$1,570,482

Note 7 - Receivables

Receivables at June 30, 2002, consisted of accounts (student fees and billings for user charged services), interfund, intergovernmental, and property taxes. 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. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	\$27,754
Other Governmental Funds	
Food Service	6,858
Miscellaneous Grants	99
Title I	20,967
Total Other Governmental Funds	27,924
Total Intergovernmental Receivables	\$55,678

Note 8 - 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.

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 8 - Property Taxes (continued)

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 2002 represent the collection of calendar year 2001 taxes. Real property taxes received in calendar year 2002 were levied after April 1, 2001, on the assessed values as of January 1, 2001, 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 received in calendar year 2002 were levied after April 1, 2001, on the assessed values as of December 31, 2000, the lien date. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value. 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 2002 (other than public utility property) represent the collection of calendar year 2002 taxes. Tangible personal property taxes received in calendar year 2002 were levied after April 1, 2001, on the value as of December 31, 2001. 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, 2002, are available to finance fiscal year 2002 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, 2002, 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 reflected as revenue at fiscal 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, 2002, was \$681,774 in the General Fund. The amount available as an advance at June 30, 2001, was \$603,307 in the General Fund.

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

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 8 - Property Taxes (continued)

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential Real	\$59,622,840	76.30%	\$67,145,480	79.55%
Industrial/Commercial Real	4,640,140	5.94	4,726,740	5.60
Public Utility	9,481,180	12.13	8,556,090	10.14
Tangible Personal	4,398,750	5.63	3,980,010	4.71
Total Assessed Value	<u>\$78,142,910</u>	<u>100.00%</u>	<u>\$84,408,320</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$48.15		\$47.52	

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2002, was as follows:

	Restated Balance at 6/30/01	Additions	Reductions	Balance at 6/30/02
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$50,442	\$0	\$0	\$50,442
Depreciable Capital Assets				
Land Improvements	623,459	36,295	0	659,754
Buildings and Building Improvements	3,753,996	559,620	0	4,313,616
Furniture, Fixtures, and Equipment	529,107	29,541	(22,168)	536,480
Vehicles	1,009,548	250,172	(212,220)	1,047,500
Total Depreciable Capital Assets	<u>5,916,110</u>	<u>875,628</u>	<u>(234,388)</u>	<u>6,557,350</u>
Less Accumulated Depreciation				
Land Improvements	(397,206)	(11,963)	0	(409,169)
Buildings and Building Improvements	(1,151,437)	(62,240)	0	(1,213,677)
Furniture, Fixtures, and Equipment	(224,408)	(15,166)	18,007	(221,567)
Vehicles	(528,319)	(81,768)	207,069	(403,018)
Total Accumulated Depreciation	<u>(2,301,370)</u>	<u>(171,137)</u>	<u>225,076</u>	<u>(2,247,431)</u>
Depreciable Capital Assets, Net	<u>3,614,740</u>	<u>704,491</u>	<u>(9,312)</u>	<u>4,309,919</u>
Governmental Activities Capital Assets, Net	<u>\$3,665,182</u>	<u>\$704,491</u>	<u>(\$9,312)</u>	<u>\$4,360,361</u>

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 9 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$33,119
Special	1,568
Vocational	2,295
Support Services:	
Administration	2,357
Fiscal	292
Operation and Maintenance of Plant	36,945
Pupil Transportation	79,976
Non-Instructional Services	2,089
Extracurricular Activities	12,496
Total Depreciation Expense	<u><u>\$171,137</u></u>

Note 10 - Interfund Assets/Liabilities

At June 30, 2002, the General Fund had an interfund receivable and the Miscellaneous Grants special revenue fund had an interfund payable, in the amount of \$99, resulting from the provision of cash flow resources from the General Fund until the receipt of grant monies by the special revenue fund.

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 2002, the School District contracted for the following insurance coverage:

Coverage provided by Great American Alliance Insurance is as follows:

General Liability	
Aggregate	\$2,000,000
Each Occurrence	1,000,000
Wrongful Acts	1,000,000
Care and Custody	50,000

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 11 - Risk Management (continued)

Coverage provided by Indiana Insurance is as follows:

Uninsured Motorists	\$1,000,000
Auto Medical Payments	5,000
Auto Liability	2,000,000
Building and Contents/Boiler and Machinery	18,058,516
Inland Marine Coverage (\$250 deductible)	378,943

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 2002, the School District participated in the Ohio School Board's Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan 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 Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan.

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 Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. Each participant must apply annually. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Plan.

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 2002. 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, 2002, 2001, and 2000, were \$323,992, \$302,976, and \$174,673, respectively; 83 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$56,015, is recorded as a liability.

Note 12 - Defined Benefit Pension Plans (continued)

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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

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; 5.46 percent was the portion used to fund pension obligations for fiscal year 2002. 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, 2002, 2001, and 2000 were \$51,701, \$38,242, and \$45,758, respectively; 43 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$29,615, is recorded as a liability.

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, 2002, all of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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 2002, 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 \$153,470.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000, and STRS had 102,132 eligible benefit recipients.

Note 13 - Postemployment Benefits (continued)

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, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. 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 \$93,003 for fiscal year 2002.

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, 2001 (the latest information available), were \$161,439,934, and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 14 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits 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 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.

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 15 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Balance at 6/30/01	Additions	Reductions	Balance at 6/30/02	Amounts Due Within One Year
Governmental Activities					
Energy Conservation Loan FY 1993 5.50%	\$60,000	\$0	\$30,000	\$30,000	\$30,000
Other Long-Term Obligations					
Compensated Absences Payable	417,665	45,613	9,408	453,870	48,085
Capital Leases Payable	452,741	294,172	94,257	652,656	113,046
Total Other Long-Term Obligations	870,406	339,785	103,665	1,106,526	161,131
Total Governmental Activities Long-Term Obligations	\$930,406	\$339,785	\$133,665	\$1,136,526	\$191,131

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 will be paid from the General Fund and Food Service and Title I special revenue funds. Capital leases will be paid from the General Fund.

The School District's overall debt margin was \$7,596,749 with an unvoted debt margin of \$84,408 at June 30, 2002.

Note 16 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for vehicles and modular classrooms. 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. New capital leases are reflected in the accounts "Operation and Maintenance of Plant," "Pupil Transportation," and "Inception of Capital Lease" in the funds which will be making the lease payments. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2002 were \$94,257 in the governmental funds.

	Governmental Activities
Property under Capital Lease	\$1,015,394
Less Accumulated Depreciation	(380,434)
Total June 30, 2002	<u>\$634,960</u>

Ridgedale Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 16 - Capital Leases - Lessee Disclosure (continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002:

Year	Governmental Activities
2003	\$158,327
2004	158,326
2005	134,537
2006	99,133
2007	83,807
2008-2012	175,011
Total	809,141
Less Amount Representing Interest	(156,485)
Present Value of Net Minimum Lease Payments	\$652,656

Note 17 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set aside.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2002.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2001	\$2,306	\$0	\$29,228
Current Year Set Aside Requirement	119,131	119,131	0
Qualifying Expenditures	(121,984)	(109,459)	0
Current Year Offsets	0	(9,672)	0
Balance June 30, 2002	(\$547)	\$0	\$29,228
Amount Carried Forward to Fiscal Year 2003	\$0	\$0	\$29,228

Note 17 - Set Asides (continued)

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero; however, the School District has decided not to use this amount to reduce the set aside requirement of future fiscal years. The total reserve balance for the set asides at the end of the fiscal year was \$35,864.

Note 18 - Interfund Transfers

During fiscal year 2002, the General Fund made a transfer, in the amount of \$35,000, to the Food Service special revenue fund which was used to support the operation of the food services activities.

Note 19 - 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. During the fiscal year 2002, the School District paid \$11,460 to TRECA for various services. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

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.

Note 19 - Jointly Governed Organizations (continued)

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 (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 20 - Insurance Purchasing 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 (Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

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

Note 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:

Note 21 - State School Funding Decision (continued)

- 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 timeline 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.

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. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently 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 - Contingencies

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, 2002.

B. Litigation

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

SUPPLEMENTAL DATA

**RIDGEDALE LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A), (B) Food Distribution	10.550	N/A		\$ 34,243		\$ 30,296
(A), (C) National School Lunch	10.555	048439-LL-P1-2001	\$ 3,768		\$ 3,768	
(A), (C) National School Lunch	10.555	048439-LL-P4-2001	10,806		10,806	
(A), (C) National School Lunch	10.555	048439-LL-P4-2002	45,397		45,397	
Total U.S. Department of Agriculture and Nutrition Cluster			<u>59,971</u>	<u>34,243</u>	<u>59,971</u>	<u>30,296</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I	84.010	048439-C1-S1-2001	2,313		20,298	
Title I	84.010	048439-C1-S1-2001-C	4,581		4,581	
Title I	84.010	048439-C1-S1-2002	62,016		58,369	
Total Title I			<u>68,910</u>		<u>83,248</u>	
Title VI-B	84.027	048439-6B-SF-2002-P	67,171		67,171	
Safe and Drug-Free Schools	84.186		-		1,092	
Safe and Drug-Free Schools	84.186	048439-DR-S1-2002	4,230		3,840	
Total Safe and Drug-Free Schools			<u>4,230</u>		<u>4,932</u>	
Goals 2000	84.276	048439-G2-S2-2001	-		9,063	
Eisenhower Professional Development	84.281	048439-MS-S1-2001	368		3,270	
Eisenhower Professional Development	84.281	048439-MS-S1-2002	4,740		3,860	
Total Eisenhower Professional Development			<u>5,108</u>		<u>7,130</u>	
Title VI	84.298	048439-C2-S1-2000	-		2,148	
Title VI	84.298	048439-C2-S1-2001	-		5,359	
Title VI	84.298	048439-C2-S1-2002	5,574		3,500	
Total Title VI			<u>5,574</u>		<u>11,007</u>	
Title VI-R	84.340	048439-CR-S1-2001	6,314		11,984	
Title VI-R	84.340	048439-CR-S1-2002	20,290		20,290	
Total Title VI-R			<u>26,604</u>		<u>32,274</u>	
Total U.S. Department of Education			<u>177,597</u>		<u>214,825</u>	
Total Federal Financial Assistance			<u>\$ 237,568</u>	<u>\$ 34,243</u>	<u>\$ 274,796</u>	<u>\$ 30,296</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
 (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (D) This schedule was prepared on the cash basis of accounting.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic 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 basic financial statements of Ridgedale Local School District as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated November 18, 2002. During the fiscal year ended June 30, 2002, the Ridgedale Local School District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38, Certain Financial Statement Note Disclosures; and GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ridgedale Local School District's basic 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 basic 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-RLSD-001. We also noted certain immaterial instances of noncompliance that we have reported to management of Ridgedale Local School District in a separate letter dated November 18, 2002.

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 basic 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 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 basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Ridgedale Local School District in a separate letter dated November 18, 2002.

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

Trimble, Julian & Grube, Inc.
November 18, 2002

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"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

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

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

Compliance

We have audited the compliance of Ridgedale Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the fiscal year ended June 30, 2002. During the fiscal year ended June 30, 2002, the Ridgedale Local School District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38, Certain Financial Statement Note Disclosures; and GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. Ridgedale Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Ridgedale Local School District's management. Our responsibility is to express an opinion on Ridgedale Local School District's compliance based on our audit.

Board of Education
Ridgedale Local School District

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

In our opinion, Ridgedale Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the fiscal year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

Trimble, Julian & Grube, Inc.
November 18, 2002

**RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No

**RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS (Continued)		
<i>(d)(1)(vii)</i>	<i>Major Programs:</i>	Title I: CFDA #84.010, Title VI-B: CFDA #84.027, Class Size Reduction: CFDA #84.340
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

Finding Number	2002-RLSD-001
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Ohio Revised Code Section 5705.39 in part requires that the total appropriations from each fund should not exceed estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund</u>	<u>Excess Amount</u>
Food Service	\$24,489

With appropriations exceeding estimated resources, the School District is spending monies that are not lawfully appropriated for those purposes and thus could cause a fund deficit.

We recommend that the School District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the School District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the School District should monitor its budgetary process on a regular basis.

**RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
*OMB CIRCULAR A-133 § .505***

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
FEBRUARY 11, 2003**