



Ridgedale Community School
Basic Financial Statements

For the Fiscal Year Ended June 30, 2009



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.



Mary Taylor, CPA
Auditor of State

Board of Directors
Ridgedale Community School
3103 Hillman Ford Road
Morral, Ohio 43337

We have reviewed the *Independent Auditor's Report* of the Ridgedale Community School, Marion County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. 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 Community School is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 22, 2010

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RIDGEDALE COMMUNITY SCHOOL

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

December 30, 2009

Board of Directors
Ridgedale Community School
3103 Hillman-Ford Road
Morral, Ohio 43337

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Ridgedale Community School, Marion County, Ohio, a component unit of Ridgedale Local School District, as of and for the year ended June 30, 2009, which collectively comprise the Ridgedale Community School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ridgedale Community School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ridgedale Community School, as of June 30, 2009, and the respective changes in financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2009 on our consideration of the Ridgedale Community School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Rea & Associates, Inc.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The management's discussion and analysis of Ridgedale Community School's (the "School") financial performance provides an overall view of the School's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets were \$295,073 at June 30, 2009.
- The School had operating revenues of \$232,038 and operating expenses of \$271,292 for fiscal year 2009. The School also received \$14,793 in federal and state grants and \$9,233 in interest income during fiscal year 2009. Total change in net assets for the fiscal year was a decrease of \$15,228.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The Statement of net assets and statement of revenues, expenses and changes in net assets provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School's Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2009?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 6 and 7 of this report.

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 8 of this report.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 1 provides a summary of the School's net assets for 2009 compared to 2008:

Table 1
Net Assets

	2009	2008
Assets		
Current Assets	\$ 295,073	\$ 329,277
Liabilities		
Current Liabilities	0	18,976
Net Assets		
Unrestricted	\$ 295,073	\$ 310,301

Liabilities decreased by \$18,976. This decrease is due to intergovernmental payables from Ridgedale Local School District being paid by June 30, 2009.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 2 shows the changes in net assets for fiscal year 2009 and 2008:

Table 2
Changes in Net Assets

	2009	2008
Operating Revenue		
State Foundation	\$ 232,025	\$ 256,435
Other Revenues	13	0
<i>Total Operating Revenues</i>	<u>232,038</u>	<u>256,435</u>
Operating Expenses		
Purchased Services	251,946	224,612
Materials and Supplies	13,948	6,930
Other	5,398	4,393
<i>Total Operating Expenses</i>	<u>271,292</u>	<u>235,935</u>
Non-Operating Revenues		
Federal and State Grants	14,793	18,822
Interest Income	9,233	6,300
<i>Total Non-Operating Revenues</i>	<u>24,026</u>	<u>25,122</u>
<i>Change in Net Asset</i>	(15,228)	45,622
<i>Net Assets Beginning of Year</i>	<u>310,301</u>	<u>264,679</u>
<i>Net Assets End of Year</i>	<u><u>\$ 295,073</u></u>	<u><u>\$ 310,301</u></u>

The statements of revenues, expenses, and changes in net assets show the cost of operating expenses and the revenues offsetting those services. Table 2 shows the total amount of operating and non-operating revenues associated with those expenses. That is, it identifies the amount of operating expenses supported by State and other funding.

The dependence upon state foundation revenues for operating activities is apparent. All monies were used for purchased services. The School's operating revenue is 93 percent of total revenue. State sources are by far the primary support for the Ridgedale Community School.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Current Financial Related Activities

The School is sponsored by the Ridgedale Local School District. The School relies on State Foundation Funds as well as the Federal Sub-Grants to provide the monies necessary to begin the start-up of a technology oriented educational program. These funds will help expend the current program.

The future of the School is dependent upon continued funding from the State Foundation Funds as no local revenue can be generated through tuition or property taxes. It is the intention of the management of the School to pursue other State and Federal grants as they become available.

In conclusion, the School has committed itself to providing state of the art technology based on educational opportunities to students. The management will aggressively pursue adequate funding to secure the financial stability of the School.

Contacting the School's Financial Management

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

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Statement of Net Assets
June 30, 2009

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents	<u>\$ 295,073</u>
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Net Assets

Unrestricted	<u>\$ 295,073</u>
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See accompanying notes to the basic financial statements.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

Operating Revenues	
State Foundation	\$ 232,025
Other Revenues	<u>13</u>
<i>Total Operating Revenues</i>	<u>232,038</u>
Operating Expenses	
Purchased Services	251,946
Materials and Supplies	13,948
Other	<u>5,398</u>
<i>Total Operating Expenses</i>	<u>271,292</u>
<i>Operating Loss</i>	<u>(39,254)</u>
Non-Operating Revenues	
Interest	9,233
Federal and State Grants	<u>14,793</u>
<i>Total Non-Operating Revenues</i>	<u>24,026</u>
<i>Change in Net Assets</i>	(15,228)
<i>Net Assets Beginning of Year</i>	<u>310,301</u>
<i>Net Assets End of Year</i>	<u><u>\$ 295,073</u></u>

See accompanying notes to the basic financial statements.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From Operating Activities

Cash Received from State Foundation	\$	232,025
Other Cash Receipts		13
Cash Payments for Goods and Services		(270,922)
Cash Payments for Materials and Supplies		(13,948)
Cash Payments for Other Expenses		(5,398)
		(5,398)

Net Cash Used for Operating Activities (58,230)

Cash Flows From Non-Capital Financing Activities

Federal and State Grants		29,297
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Cash Flows From Investing Activities

Interest on Investments		9,233
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Net Decrease in Cash and Cash Equivalents (19,700)

Cash and Cash Equivalents Beginning of Year 314,773

Cash and Cash Equivalents End of Year \$ 295,073

**Reconciliation of Operating Loss to
Net Cash Used for Operating Activities**

Operating Loss \$ (39,254)

Adjustments:

Decrease in Liabilities		
Intergovernmental Payable		(3,182)
Due to Primary Government		(15,794)
		(18,976)

Total Adjustments (18,976)

Net Cash Used for Operating Activities \$ (58,230)

See accompanying notes to the basic financial statements.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 1 – Description of the School

The Ridgedale Community School (the “School”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. The School’s objective is to deliver a comprehensive educational program of high quality, tied to state and national standards, which can be delivered to students in the grades K-12. The School serves a student population that may include, but is not limited to, home schooled children, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, and students who need an alternative to the traditional classroom for various reasons. The School, which is part of the state’s education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the school.

The School was certified by the State of Ohio Secretary of State as a non-profit organization on June 25, 2002, and begun operations in May 2004. The School was approved for operation under a contract with the Ridgedale Local School District (the “Sponsor”) for a five year period commencing July 1, 2007. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration.

The School operates under the direction of a five-member Board of Directors. The School Board of Directors is appointed by the following: the Sponsor’s Board of Education appoints (3) representatives from its School District and, these representatives appoint (2) other persons who are neither officers nor employees of the Sponsor School District, one of whom shall be a public educator or other public official representing a governmental entity that desires to further the establishment and operation of the School, and one who represents the interests of parents and students served by the conversion school’s Board of Directors. A vacancy on the Board of Directors will be appointed for the remaining term by the agency that has representation. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The School is a component unit of Ridgedale Local School District.

The School has developed a cooperative arrangement with the Sponsor.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The School also has the option to apply FASB Statements and Interpretations issued after November 30, 1989, subject to this same limitation. The School has elected not to apply these FASB Statements and Interpretations. The more significant of the School’s accounting policies are described below.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – Summary of Significant Policies (Continued)

A. Basis of Presentation

The School's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

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

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The statement of cash flows reflects how the School finances and meets its cash flow needs.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time they are incurred.

C. Budgetary Process

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

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – Summary of Significant Policies (Continued)

D. Cash and Investments

Cash held by the School is reflected as “equity in pooled cash and cash equivalents” on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2009, the School had no investments.

E. Capital Assets and Depreciation

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

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

G. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

H. Intergovernmental Revenue

The School currently participates in the State Foundation Program, the Federal Charter School Grant Program through the Ohio Department of Education (ODE), the EMIS, Ohio K-12 Network, Core Curriculum, Ohio Reads, IDEA Part B, Title I, Title V, Safe and Drug Free Schools and Title II-A grants. Revenues received from programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is permitted, marching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Federal and State grant revenue for the fiscal year 2009 was \$14,793.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – Summary of Significant Policies (Continued)

I. Estimates

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

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

K. Changes in Accounting Principles

For the year ended June 30, 2009, the School has implemented GASB Statement No. 52, *“Land and Other Real Estate Held as Investments by Endowments”*, GASB Statement No. 55, *“The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”*, and GASB Statement No. 56, *“Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”*.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 3 - Deposits

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School's name. During 2009, the School and public depositories complied with the provisions of these statutes.

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

At June 30, 2009, the carrying amount of the School's deposits was \$295,073. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2009, \$45,073 of the School's bank balance of \$295,073 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding deposit and investment of funds by the School.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 4 – Risk Management

The School is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2009, the School was named on the Sponsor’s policy for property and general liability insurance.

Note 5 – Purchased Services

For the fiscal year ended June 30, 2009, purchased services expenses were as follows:

Professional and Technical Services	\$ 243,495
Travel, Mileage and Meetings	1,983
Miscellaneous	<u>6,468</u>
Total	<u><u>\$ 251,946</u></u>

Note 6 – Service Contracts

A. Tri-Rivers Educational Computer Association

The School entered into an agreement on June 10, 2008 with Tri-Rivers Educational Computer Association (TRECA) for planning, instructional, administrative and technical services required for the operation of the School. Under this contract, TRECA is required to provide the following services:

1. Via online delivery, its standardized digital curriculum, as described at the website of the TRECA Digital Academy.
2. Cooperate with the School in conducting assessments and in developing a draft evaluation team report as part of any required initial evaluation of a Suspected Disabled Student or reevaluation of a Suspected Disabled or Disabled Student.
3. Provide for the participation of the teacher(s) of the Disabled Student, in person or by telephone, in IEP or related meetings.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 6 – Service Contracts (Continued)

4. Communicate with the School regarding educational or related services that are mandated by a Disabled Student’s IEP, but which TRECA has reason to believe are not being provided. TRECA shall also communicate with the School regarding any Disabled or Suspected Disabled Student who required assessments as part of an initial evaluation or reevaluation and/or the development of a draft evaluation team report.
5. Provide such other services, including but not limited to the standard hardware and software package, and the standard technical and administrative services, as are provided generally by TRECA to Students.

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

1. **Annual Fee** – The School shall pay \$15,000 each school year for services acquired from TRECA. The School made this required payment during fiscal year 2009.
2. **Tier One Enrollment** – The School shall pay \$500 per student per academic year, prorated for the portion of the academic year for which a student is enrolled in the School and educated by TRECA for those students receiving Tier One Enhancement Services. Students who are provided with a modified curriculum, but who are not placed in TRECA’s online special education resource room shall be regarded as receiving Tier One Enhancement Services.
3. **Tier Two Enrollment** – The School shall pay between \$1,400 and \$21,000 per student per academic year, prorated for the portion of the academic year for which a student is enrolled in the School and educated by TRECA for those students receiving Tier Two Enhancement Services. Students who are placed in TRECA’s online special education resource room for all or any part of their education shall be regarded as receiving Tier Two Enhancement Services. The fee paid for Tier Two Enhancement Services is based on the severity of the Disabled Student’s handicap as outlined in the TRECA Enhancement Services exhibit to the Comprehensive Services Agreement between the School and TRECA.

The following payments were made in fiscal year 2009 from the School to TRECA:

Professional and Technical Services	<u>\$ 48,193</u>
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Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 6 – Service Contracts (Continued)

B. Ridgedale Local School District

The Community School Sponsorship Contract between the School and Ridgedale Local School District (the “Sponsor”) outlined the specific payments to be made by the School to Ridgedale Local School District during fiscal year 2009. In addition, the Community School Sponsorship Contract stated that the two parties agreed to pay other mutually agreed upon amounts, including fees for any services provided to the School by the sponsor. The following payments were made in fiscal year 2009 from the School to the sponsor:

Professional and Technical Services	\$ 142,101
Fiscal Office Supplies	<u>9,812</u>
Total	<u><u>\$ 151,913</u></u>

Additionally, the contract allows, based on mutual agreement, for the payment of \$1,500 per student per year from the School to the Sponsor. This payment was \$55,500 in fiscal year 2009.

Note 7 - Contingencies

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2009.

B. Litigation

The School is not involved in any other litigation that, in the opinion of management, would have a material effect of the financial statements.

C. State Foundation Funding

The Ohio Department of Education conducts an annual review of enrollment data and full-time equivalency (FTE) calculations made by the community school. The 2009 adjustment was immaterial to the School.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

December 30, 2009

Board of Directors
Ridgedale Community School
3103 Hillman-Ford Road
Morral, Ohio 43337

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

We have audited the financial statements of the Ridgedale Community School, Marion County, Ohio, a component unit of Ridgedale Local School District, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ridgedale Community School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ridgedale Community School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ridgedale Community School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Ridgedale Community School
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards
December 30, 2009

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors of Ridgedale Community School and the Ridgedale Community School's sponsor and is not intended to be and should not be used by anyone other than those specified parties.

Hea & Associates, Inc.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

December 30, 2009

Ridgedale Community School
3103 Hillman Ford Road
Morral, Ohio 43337

To the Board of Directors:

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on February 25, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the school administration semiannually provide the president of the school board a written summary of all reported incidents and post the summary on its web site, if the school has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

Rea & Associates, Inc.



Mary Taylor, CPA
Auditor of State

RIDGEDALE COMMUNITY SCHOOL
MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 9, 2010