



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

We have reviewed the *Independent Auditor's Report* of the Ridgedale Local School District, Marion County, prepared by Rea & Associates, Inc., for the audit period July 1, 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 Local School District 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 LOCAL SCHOOL DISTRICT

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

December 30, 2009

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

INDEPENDENT AUDITOR'S REPORT

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Ridgedale Local School District, as of June 30, 2009, and the respective changes in financial position and respective budgetary comparison for the General Fund 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 Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 10 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets of governmental activities increased \$732,143 which represents a 20.04% increase from fiscal year 2008.
- General revenues accounted for \$6,828,723 in revenue or 72.95% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,532,413 or 27.05% of total revenues of \$9,361,136.
- The District had \$8,628,993 in expenses related to governmental activities; \$2,532,413 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,828,723 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$8,344,747 in revenues and \$7,706,906 in expenditures. During fiscal year 2009, the general fund's fund balance increased \$637,841 from \$1,976,061 to \$2,613,902.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The statement of net assets and statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

The District's statement of net assets and statement of activities can be found on pages 11-12 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 7. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 13-16 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 18 and 19. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 20-49 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The District as a Whole

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

The table below provides a summary of the District's net assets for fiscal years 2009 and 2008.

	Net Assets	
	Governmental Activities 2009	2008
<u>Assets</u>		
Current and other assets	\$ 4,737,796	\$ 5,012,141
Capital assets, net	<u>1,944,781</u>	<u>2,025,866</u>
Total assets	<u>6,682,577</u>	<u>7,038,007</u>
<u>Liabilities</u>		
Current liabilities	1,786,997	2,654,787
Long-term liabilities	<u>510,140</u>	<u>729,923</u>
Total liabilities	<u>2,297,137</u>	<u>3,384,710</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	1,825,478	1,856,875
Restricted	397,272	499,356
Unrestricted	<u>2,162,690</u>	<u>1,297,066</u>
Total net assets	<u>\$ 4,385,440</u>	<u>\$ 3,653,297</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$4,385,440.

At year-end, capital assets represented 29.1% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$1,825,478. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$397,272, represents resources that are subject to external restriction on how they may be used.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The table below shows the change in net assets for fiscal years 2009 and 2008.

	Change in Net Assets	
	Governmental Activities	
	<u>2009</u>	<u>2008</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,640,750	\$ 1,758,500
Operating grants and contributions	882,233	810,642
Capital grants and contributions	9,430	10,670
General revenues:		
Property taxes	2,726,729	2,547,223
Grants and entitlements	3,615,405	3,534,092
Payments in Lieu of Taxes	285,893	0
Investment earnings	41,437	78,484
Other	159,259	41,805
Total revenues	<u>9,361,136</u>	<u>8,781,416</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Expenses</u>	Change in Net Assets	
	Governmental Activities	
	2009	2008
Program expenses:		
Instruction:		
Regular	\$ 3,118,430	\$ 3,227,869
Special	555,570	562,511
Vocational	205,568	130,053
Other	1,215,620	1,175,148
Support services:		
Pupil	329,301	263,700
Instructional staff	362,105	242,562
Board of education	50,093	42,521
Administration	713,610	638,339
Fiscal	239,389	231,814
Operations and maintenance	664,790	686,708
Pupil transportation	508,989	592,229
Central	26,277	25,974
Operation of non-instructional services:		
Food service operations	358,125	343,097
Extracurricular activities	269,252	259,987
Interest and fiscal charges	11,874	16,672
Total expenses	8,628,993	8,439,184
Change in net assets	732,143	342,232
Net assets at beginning of year	3,653,297	3,311,065
Net assets at end of year	\$ 4,385,440	\$ 3,653,297

Governmental Activities

Net assets of the District's governmental activities increased \$732,143. Total governmental expenses of \$8,628,993 were offset by program revenues of \$2,532,413 and general revenues of \$6,828,723. Program revenues supported 29.35% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, grants and entitlements. These revenue sources represent 67.75% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,095,188 or 59.05% of total governmental expenses for fiscal year 2009.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Program expenses				
Instruction:				
Regular	\$ 3,118,430	\$ 1,696,388	\$ 3,227,869	\$ 1,834,896
Special	555,570	135,013	562,511	182,876
Vocational	205,568	174,313	130,053	108,467
Other	1,215,620	1,215,620	1,175,148	1,172,632
Support services:				
Pupil	329,301	236,455	263,700	142,613
Instructional staff	362,105	194,020	242,562	144,098
Board of education	50,093	50,093	42,521	42,521
Administration	713,610	707,298	638,339	612,717
Fiscal	239,389	239,389	231,814	231,814
Operations and maintenance	664,790	664,790	686,708	685,798
Pupil transportation	508,989	481,894	592,229	526,851
Central	26,277	21,277	25,974	21,197
Food service operations	358,125	129,543	343,097	22,028
Extracurricular activities	269,252	138,613	259,987	114,192
Interest and fiscal charges	11,874	11,874	16,672	16,672
Total expenses	<u>\$ 8,628,993</u>	<u>\$ 6,096,580</u>	<u>\$ 8,439,184</u>	<u>\$ 5,859,372</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 63.22% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.65%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The District's Funds

The District's governmental funds reported a combined fund balance of \$2,725,319, which is higher than last year's total of \$2,156,630. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	<u>Fund Balance June 30, 2009</u>	<u>Fund Balance June 30, 2008</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
General	\$ 2,613,902	\$ 1,976,061	\$ 637,841	32.28 %
Other Governmental	<u>111,417</u>	<u>180,569</u>	<u>(69,152)</u>	<u>(38.30) %</u>
Total	<u>\$ 2,725,319</u>	<u>\$ 2,156,630</u>	<u>\$ 568,689</u>	<u>26.37 %</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

General Fund

The District's general fund balance increased \$637,841. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2009 Amount	2008 Amount	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 2,686,179	\$ 2,581,839	\$ 104,340	4.04 %
Tuition	1,303,248	1,280,964	22,284	1.74 %
Earnings on investments	41,437	78,359	(36,922)	(47.12) %
Intergovernmental	3,905,062	3,797,091	107,971	2.84 %
Other revenues	398,821	185,160	213,661	115.39 %
Total	<u>\$ 8,334,747</u>	<u>\$ 7,923,413</u>	<u>\$ 411,334</u>	5.19 %

Earnings on investments decreased 47.12% as a result of decreasing interest rates. The decrease in other revenues was a result of an increase in payments in lieu of taxes received during the year.

	2009 Amount	2008 Amount	Increase (Decrease)	Percentage Change
<u>Expenditures</u>				
Instruction	\$ 4,949,683	\$ 4,768,587	\$ 181,096	3.80 %
Support services	2,526,298	2,396,445	129,853	5.42 %
Extracurricular activities	129,978	120,033	9,945	8.29 %
Debt service	90,947	109,885	(18,938)	(17.23) %
Total	<u>\$ 7,696,906</u>	<u>\$ 7,394,950</u>	<u>\$ 301,956</u>	4.21 %

Debt service payments declined due to lower amounts owed on scheduled lease payments. The increase in instructional and support services expenditures were a result of increasing wages and benefits during the year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,013,017 and final budgeted revenues and other financing sources were \$8,032,827. Actual revenues and other financing sources for fiscal year 2009 was \$8,015,316. This represents a \$17,511 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$8,000,597 were increased to \$8,232,153 in the final appropriations. The actual budget basis expenditures for fiscal year 2009 totaled \$7,731,114, which was \$491,039 less than the final budget appropriations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$1,944,781 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2009 balances compared to 2008:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2009	2008
Land	\$ 50,442	\$ 50,442
Land improvements	161,602	172,013
Building and improvements	1,472,025	1,538,282
Furniture and equipment	45,205	52,785
Vehicles	215,507	212,344
Total	\$ 1,944,781	\$ 2,025,866

The overall decrease in capital assets of \$81,075 is due to depreciation expense exceeding capital asset additions in the fiscal year. See Note 7 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2009, the District had \$170,564 in capital lease obligations outstanding. Of this total, \$80,179 is due within one year and \$90,385 is due in greater than one year. The following table summarizes the capital lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities	
	2009	2008
Capital lease obligations	\$ 170,564	\$ 249,637
Total	\$ 170,564	\$ 249,637

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Contacting the District's Financial Management

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

Ridgedale Local School District
Marion County
Statement of Net Assets
June 30, 2009

	Primary Government	Component Unit
	Governmental Activities	Ridgedale Community School
Assets		
Equity in Pooled Cash and Investments	\$ 2,496,371	\$ 295,073
Receivables:		
Taxes	2,107,132	0
Intergovernmental	3,200	0
Prepaid Items	129,462	0
Materials and Supplies Inventory	1,631	0
Nondepreciable Capital Assets	50,442	0
Depreciable Capital Assets (Net)	1,894,339	0
<i>Total Assets</i>	<u>6,682,577</u>	<u>295,073</u>
Liabilities		
Accounts Payable	109,848	0
Accrued Wages and Benefits	655,077	0
Matured Compensated Absences Payable	37,022	0
Intergovernmental Payable	190,596	0
Deferred Revenue	794,454	0
Long Term Liabilities:		
Due Within One Year	121,383	0
Due In More Than One Year	388,757	0
<i>Total Liabilities</i>	<u>2,297,137</u>	<u>0</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,825,478	0
Restricted for:		
Capital Outlay	3,281	0
Other Purposes	101,183	0
Set Asides	292,808	0
Unrestricted	2,162,690	295,073
<i>Total Net Assets</i>	<u>\$ 4,385,440</u>	<u>\$ 295,073</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Ridgedale Community School
Governmental Activities						
Instruction:						
Regular	\$ 3,118,430	\$ 1,403,844	\$ 18,198	\$ 0	\$ (1,696,388)	\$ 0
Special	555,570	6,321	414,236	0	(135,013)	0
Vocational	205,568	0	31,255	0	(174,313)	0
Other	1,215,620	0	0	0	(1,215,620)	0
Support Services:						
Pupils	329,301	0	92,846	0	(236,455)	0
Instructional Staff	362,105	0	168,085	0	(194,020)	0
Board of Education	50,093	0	0	0	(50,093)	0
Administration	713,610	6,186	126	0	(707,298)	0
Fiscal	239,389	0	0	0	(239,389)	0
Operation and Maintenance of Plant	664,790	0	0	0	(664,790)	0
Pupil Transportation	508,989	17,665	0	9,430	(481,894)	0
Central	26,277	0	5,000	0	(21,277)	0
Operation of Non-Instructional Services:						
Food Service Operations	358,125	79,166	149,416	0	(129,543)	0
Extracurricular Activities	269,252	127,568	3,071	0	(138,613)	0
Interest and Fiscal Charges	11,874	0	0	0	(11,874)	0
Total Governmental Activities	8,628,993	1,640,750	882,233	9,430	(6,096,580)	0
Component Unit						
Ridgedale Community School	271,292	0	14,793	0	0	(256,499)
Totals	\$ 8,900,285	\$ 1,640,750	\$ 897,026	\$ 9,430	(6,096,580)	(256,499)
General Revenues						
Property Taxes Levied for:						
General Purposes					2,726,729	0
Grants and Entitlements not Restricted to Specific Programs					3,615,405	232,025
Payments in Lieu of Taxes					285,893	0
Investment Earnings					41,437	9,233
Miscellaneous					159,259	13
Total General Revenues					6,828,723	241,271
Change in Net Assets					732,143	(15,228)
Net Assets Beginning of Year					3,653,297	310,301
Net Assets End of Year					\$ 4,385,440	\$ 295,073

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Investments	\$ 2,016,098	\$ 187,465	\$ 2,203,563
Restricted Cash and Investments	292,808	0	292,808
Receivables:			
Taxes	2,107,132	0	2,107,132
Intergovernmental	0	3,200	3,200
Interfund Receivable	50,000	0	50,000
Prepaid Items	124,277	5,185	129,462
Material & Supplies Inventory	0	1,631	1,631
<i>Total Assets</i>	<u>\$ 4,590,315</u>	<u>\$ 197,481</u>	<u>\$ 4,787,796</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 106,628	\$ 3,220	\$ 109,848
Accrued Wages and Benefits	630,826	24,251	655,077
Intergovernmental Payable	182,003	8,593	190,596
Interfund Payable	0	50,000	50,000
Deferred Revenue	1,019,934	0	1,019,934
Matured Compensated Absences Payable	37,022	0	37,022
<i>Total Liabilities</i>	<u>1,976,413</u>	<u>86,064</u>	<u>2,062,477</u>
Fund Balances			
Reserved for Encumbrances	19,061	23,002	42,063
Reserved for Property Taxes	1,087,198	0	1,087,198
Reserved to Textbook/Instructional Materials	292,808	0	292,808
Unreserved, Undesignated, Reported in:			
General Fund	1,214,835	0	1,214,835
Special Revenue Funds	0	85,134	85,134
Capital Projects Funds	0	3,281	3,281
<i>Total Fund Balances</i>	<u>2,613,902</u>	<u>111,417</u>	<u>2,725,319</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 4,590,315</u>	<u>\$ 197,481</u>	<u>\$ 4,787,796</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances		\$ 2,725,319
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,944,781
Delinquent property taxes are not available to pay for current-period expenditures and therefore are deferred in the funds.		225,480
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	\$ (339,576)	
Capital Leases Payable	<u>(170,564)</u>	
Total		<u>(510,140)</u>
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$ 4,385,440</u></u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 2,686,179	\$ 0	\$ 2,686,179
Intergovernmental	3,905,062	598,101	4,503,163
Investment Income	41,437	0	41,437
Tuition and Fees	1,303,248	34,027	1,337,275
Extracurricular Activities	14,155	154,656	168,811
Charges for Services	55,500	79,166	134,666
Contributions and Donations	0	3,909	3,909
Payments in Lieu of Taxes	285,893	0	285,893
Miscellaneous	43,273	131,774	175,047
<i>Total Revenues</i>	<u>8,334,747</u>	<u>1,001,633</u>	<u>9,336,380</u>
Expenditures			
Current:			
Instruction:			
Regular	3,144,921	87,916	3,232,837
Special	388,382	162,154	550,536
Vocational	200,760	1,184	201,944
Other	1,215,620	0	1,215,620
Support Services:			
Pupils	225,390	103,911	329,301
Instructional Staff	195,573	168,096	363,669
Board of Education	50,093	0	50,093
Administration	703,805	5,391	709,196
Fiscal	236,283	0	236,283
Operation and Maintenance of Plant	586,203	60,135	646,338
Pupil Transportation	507,301	0	507,301
Central	21,650	4,627	26,277
Extracurricular Activities	129,978	124,519	254,497
Operation of Non-instructional Services:			
Food Service Operations	0	352,852	352,852
Debt Service:			
Principal Retirement	79,073	0	79,073
Interest and Fiscal Charges	11,874	0	11,874
<i>Total Expenditures</i>	<u>7,696,906</u>	<u>1,070,785</u>	<u>8,767,691</u>
<i>Net Change in Fund Balances</i>	637,841	(69,152)	568,689
<i>Fund Balances Beginning of Year</i>	<u>1,976,061</u>	<u>180,569</u>	<u>2,156,630</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,613,902</u>	<u>\$ 111,417</u>	<u>\$ 2,725,319</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds	\$	568,689
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Asset Additions	\$	69,669	
Current Year Depreciation		<u>(140,563)</u>	

Total			(70,894)
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Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(10,191)
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Delinquent property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	24,756
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Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	79,073
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Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>140,710</u>
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<i>Change in Net Assets of Governmental Activities</i>	\$	<u>732,143</u>
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See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,734,505	\$ 2,734,505	\$ 2,338,492	\$ (396,013)
Intergovernmental	3,744,410	3,753,429	3,907,761	154,332
Investment Income	79,650	79,650	37,740	(41,910)
Tuition and Fees	1,298,152	1,298,152	1,320,913	22,761
Extracurricular Activities	12,500	12,500	14,155	1,655
Charges for Services	0	0	55,500	55,500
Miscellaneous	121,000	131,791	302,636	170,845
<i>Total Revenues</i>	<u>7,990,217</u>	<u>8,010,027</u>	<u>7,977,197</u>	<u>(32,830)</u>
Expenditures				
Current:				
Instruction:				
Regular	3,049,241	3,178,496	3,138,664	39,832
Special	484,208	481,558	393,342	88,216
Vocational	287,982	275,782	194,389	81,393
Other	1,194,876	1,194,876	1,215,620	(20,744)
Support Services:				
Pupils	252,757	247,257	215,378	31,879
Instructional Staff	180,597	191,388	192,122	(734)
Board of Education	44,498	44,900	40,220	4,680
Administration	814,063	815,621	658,043	157,578
Fiscal	244,888	244,930	236,821	8,109
Operation and Maintenance of Plant	683,728	700,278	648,165	52,113
Pupil Transportation	604,517	645,826	506,642	139,184
Central	26,200	26,200	21,725	4,475
Extracurricular Activities	133,042	135,041	129,036	6,005
Debt Service				
Principal Retirement	0	0	79,073	(79,073)
Interest and Fiscal Charges	0	0	11,874	(11,874)
<i>Total Expenditures</i>	<u>8,000,597</u>	<u>8,182,153</u>	<u>7,681,114</u>	<u>501,039</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(10,380)</u>	<u>(172,126)</u>	<u>296,083</u>	<u>468,209</u>
Other Financing Sources (Uses)				
Insurance Recoveries	0	0	5,323	5,323
Refund of Prior Year Expenditures	22,800	22,800	22,796	(4)
Advances Out	0	(50,000)	(50,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>22,800</u>	<u>(27,200)</u>	<u>(21,881)</u>	<u>5,319</u>
<i>Net Change in Fund Balance</i>	12,420	(199,326)	274,202	473,528
<i>Fund Balance Beginning of Year</i>	1,917,507	1,917,507	1,917,507	0
Prior Year Encumbrances Appropriated	81,824	81,824	81,824	0
<i>Fund Balance End of Year</i>	<u>\$ 2,011,751</u>	<u>\$ 1,800,005</u>	<u>\$ 2,273,533</u>	<u>\$ 473,528</u>

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 62,298	\$ 33,365
<i>Total Assets</i>	\$ 62,298	\$ 33,365
 Liabilities		
Accounts Payable	\$ 0	\$ 1,086
Due to Students	0	32,279
<i>Total Liabilities</i>	0	\$ 33,365
 Net Assets		
Held in Trust for Scholarships	40,821	
Endowments	21,477	
	\$ 62,298	

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2009

	<u>Scholarship</u>
Additions	
Gifts and Contributions	\$ 700
<i>Total Additions</i>	700
Deductions	
Payments in Accordance with Trust Agreements	1,250
<i>Change in Net Assets</i>	(550)
<i>Net Assets Beginning of Year</i>	62,848
<i>Net Assets End of Year</i>	\$ 62,298

See accompanying notes to the basic financial statements.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1957. The District serves an area of approximately one hundred twenty-five square miles. It is located in Crawford, Marion, and Wyandot Counties. The District is the 531st largest in the State of Ohio (among 896 local and community schools) in terms of enrollment. It is staffed by 44 classified employees, 72 certified teaching personnel and 6 administrative employees who provide services to 725 students and other community members. The District currently operates two buildings on one campus.

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

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

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

Ridgedale Community School

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Tri-Rivers Educational Computer Association

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

Tri-Rivers Career Center

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

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.

North Central Regional Professional Development Center

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

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 DISTRICT (Continued)

INSURANCE PURCHASING POOLS

Ohio School Plan

The District participates in the Ohio School Plan (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency Inc., 246 East Sycamore Street, Columbus, Ohio 43205.

Ohio School Board Association Workers' Compensation Group Rating Plan

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the 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 District's significant accounting policies are described below.

A. Basis of Presentation

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

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 ACCOUNTING POLICIES (Continued)

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

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

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

B. Fund Accounting

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

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

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

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

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 ACCOUNTING POLICIES (Continued)

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

C. Basis of Presentation and Measurement Focus

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

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

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

D. Basis of Accounting

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

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

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 ACCOUNTING POLICIES (Continued)

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

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Data

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2009 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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 ACCOUNTING POLICIES (Continued)

2. By no later than January 20, the Board-adopted budget is filed with the Marion County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2009.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2009. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

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

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

F. Cash and Investments

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

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 ACCOUNTING POLICIES (Continued)

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$41,437, which includes \$36,257 assigned from other funds.

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

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

G. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

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

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 ACCOUNTING POLICIES (Continued)

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

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

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, textbooks/instructional materials and property tax revenue unavailable for appropriation.

The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

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 ACCOUNTING POLICIES (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2009, none of the District's net assets were restricted by enabling legislation. Net assets restricted for other purposes include instructional activities and grants.

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

N. Estimates

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

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a textbook/instructional materials reserve. These reserves are required by State statute. A schedule of statutory reserves is presented in Note 15.

P. Interfund Activity

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

Q. Extraordinary and Special Items

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

R. Changes in Accounting Principles

For the year ended June 30, 2009, the District 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*".

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 ACCOUNTING POLICIES (Continued)

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 District.

NOTE 3 – FUND DEFICITS

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food Service	\$ 25,197

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

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

Cash on Hand At June 30, 2009, the District had \$2,416 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments."

Deposits At June 30, 2009, the carrying amount of all District deposits was \$953,321. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$2,521 of the District's bank balance of \$1,192,788 was exposed to custodial risk as discussed below, while \$1,190,267 was covered by the FDIC.

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

Investments As of June 30, 2009, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity 6 Months or Less
STAR Ohio	\$ 1,638,713	\$ 1,638,713

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2 percent. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

Investment type	Fair Value	Percent of Total
STAR Ohio	\$ 1,638,713	100.00%

Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

Cash and Investments per Note	
Carrying Amount of Deposits	\$ 950,905
Investments	1,638,713
Cash on Hand	2,416
Total	\$ 2,592,034

Cash and Investments per Statement of Net Assets	
Governmental Activities	\$ 2,496,371
Private-Purpose Trust Funds	62,298
Agency Funds	33,365
Total	\$ 2,592,034

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. Tangible personal property tax is being phased out. For 2008, tangible personal property was assessed at 6.25 percent for property, including inventory. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Wyandot, Crawford and Marion Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5 - PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2009 was \$1,087,198 in the general fund. This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2008 was \$739,511 in the general fund.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 86,175,300	88.28%	\$ 87,529,040	90.52%
Public Utility Personal	9,758,790	10.00%	9,073,570	9.38%
Tangible Personal Property	1,677,870	1.72%	100,000	0.10%
Total	\$ 97,611,960	100.00%	\$ 96,702,610	100%
 Tax rate per \$1,000 of assessed valuation	 \$ 47.60		 \$ 46.52	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. All are expected to be received within one year.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 06/30/08	Additions	Deductions	Balance 06/30/09
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$ 50,442	\$ 0	\$ 0	\$ 50,442
<i>Capital Assets, being depreciated</i>				
Land Improvements	588,366	0	0	588,366
Buildings and Improvements	4,136,096	0	(11,095)	4,125,001
Furniture and Equipment	207,433	0	0	207,433
Vehicles	1,134,299	69,669	(99,651)	1,104,317
<i>Total Capital Assets, being depreciated</i>	6,066,194	69,669	(110,746)	6,025,117
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(416,353)	(10,411)	0	(426,764)
Buildings and Improvements	(2,597,814)	(56,066)	904	(2,652,976)
Furniture and Equipment	(154,648)	(7,580)	0	(162,228)
Vehicles	(921,955)	(66,506)	99,651	(888,810)
<i>Total Accumulated Depreciation</i>	(4,090,770)	(140,563) *	100,555	(4,130,778)
<i>Total Capital Assets being depreciated, net</i>	1,975,424	(70,894)	(10,191)	1,894,339
<i>Governmental Activities Capital Assets, Net</i>	\$ 2,025,866	\$ (70,894)	\$ (10,191)	\$ 1,944,781

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 - CAPITAL ASSETS (Continued)

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 26,431
Special	2,137
Vocational	3,624
Support Services:	
Instructional Staff	6,522
Administration	2,528
Fiscal	584
Operations and Maintenance	4,902
Pupil Transportation	74,218
Extracurricular Activities	14,755
Food Service Operations	4,862
	\$ 140,563
<i>Total Depreciation Expense</i>	<i>\$ 140,563</i>

NOTE 8 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the fiscal year 2009 were as follows:

	Balance 06/30/08	Additions	Reductions	Balance 06/30/09	Amounts Due in One Year
Capital Leases Payable	\$ 249,637	\$ 0	\$ (79,073)	\$ 170,564	\$ 80,179
Compensated Absences	480,286	339,576	(480,286)	339,576	41,204
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<i>\$ 729,923</i>	<i>\$ 339,576</i>	<i>\$ (559,359)</i>	<i>\$ 510,140</i>	<i>\$ 121,383</i>

Compensated absences will be paid from the fund which the employees' salaries are paid, which is primarily the general fund. See Note 9 for details on the District's capital leases.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 – CAPITALIZED LEASES

In prior years, the District has entered into lease agreements for school buses and copier equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds.

The school buses have been capitalized in the governmental capital assets in the amount of \$979,544, the present value of the minimum lease payments at the inception of each lease. Copier equipment in the amount of \$143,216 has not been capitalized since the assets individually do not meet the District's capitalization threshold. A corresponding liability was recorded in the statement of net assets and is reduced for each required principal payment. The amortization schedule is based upon the repayment of the entire authorized amount of the lease.

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

		School Buses	Copiers	Total
Fiscal Year Ending June 30,	2010	\$ 53,060	\$ 34,437	\$ 87,497
	2011	48,939	20,088	69,027
	2012	24,522	0	24,522
		126,521	54,525	181,046
Less: amount representing interest		7,218	3,264	10,482
Present value of minimum lease payments		\$ 119,303	\$ 51,261	\$ 170,564

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2009, the District contracted with Verne Hart Insurance Agency for liability, property and fleet insurance. Coverage's provided by Verne Hart Insurance Agency are as follows:

<u>Description</u>	<u>Amount</u>
Building and Contents	
Replacement cost	\$21,131,564
Deductible	1,000
Liability	
School Board Errors and Omissions Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	1,000,000
Deductible	None
Law Enforcement Professional Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	1,000,000
Sexual Misconduct and Molestation Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	1,000,000
General Liability	
Per occurrence combined single limit	1,000,000
Annual aggregate limit - General	2,000,000
Products/completed operations aggregate limit	2,000,000
Employee Benefits Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	3,000,000
Stop Gap	
Each accident	1,000,000
Disease each employee	1,000,000
Disease policy limit	1,000,000
Aggregate	2,000,000
Automotive Liability	
Liability	
Per occurrence combined single limit	1,000,000
Medical payments limit	500
Each uninsured/underinsured motorists coverage	1,000,000
Non-owned and hired liability	1,000,000
Auto Physical Damage (actual cash value)	
Comprehensive deductible	1,000
Collision deductible	1,000

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10 - RISK MANAGEMENT (Continued)

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

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

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$105,378, \$77,393 and \$77,561, respectively; 44 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$416,119, \$397,841 and \$372,519, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$98 made by the District and \$22 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2009, this amount was \$35,800.

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

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$48,226, \$53,085 and \$42,857, respectively; 44 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$8,695, \$5,576 and \$5,274, respectively; 44 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$32,009, \$30,603 and \$28,655, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance

	<u>General Fund</u>
GAAP basis	\$ 637,841
Net adjustment for revenue accruals	(329,431)
Net adjustment for expenditure accruals	47,466
Advances out	(50,000)
Adjustment for encumbrances	(31,674)
Budget basis	\$ 274,202

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 15 - STATUTORY RESERVES

The District is required by State statute to annually set-aside, in the general fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. These amounts must be carried forward and used for the same purposes in future years. Excess qualifying disbursement over the set-aside cash balance and set-aside requirement cannot be carried forward to the next fiscal year for capital acquisition. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	Textbooks	Capital Acquisition	Totals
Set-aside Balance as of June 30, 2008	\$ 308,619	\$ 0	\$ 308,619
Current Year Set-aside Requirement	129,750	129,750	259,500
Qualifying Disbursements	<u>(145,561)</u>	<u>(317,742)</u>	<u>(463,303)</u>
Total	<u>\$ 292,808</u>	<u>\$ (187,992)</u>	<u>\$ 104,816</u>
Balance carried forward to FY 2010	<u>\$ 292,808</u>	<u>\$ 0</u>	
Set-aside Reserve Balance as of June 30, 2009	<u>\$ 292,808</u>	<u>\$ 0</u>	

The District had qualifying prior year carryover and disbursements during the fiscal year that reduced the capital acquisition set-aside amount below zero.

The District did not have enough qualifying disbursements to exceed the requirements for textbooks and other instructional materials and is required to establish a fund balance reserve of \$292,808. This amount should also be reported as restricted cash and investments in the general fund.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 - RIDGEDALE COMMUNITY SCHOOL

A. Significant Accounting Policies

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

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

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

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

Cash and Cash Equivalents - Cash held by the School is reflected as "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.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 - RIDGEDALE COMMUNITY SCHOOL (Continued)

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

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

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

The School participates in the EMIS, Ohio K-12 Network, Core Curriculum, Ohio Reads, IDEA Part B, Title I, Title V, Safe and Drug Free Schools, and Title II-A grants. Of the grants awarded, none was receivable at June 30, 2009.

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School had unrestricted net assets of \$295,073 at June 30, 2009.

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

B. Deposits

At June 30, 2009, the carrying amount of all School deposits was \$295,073. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$45,075 of the School's bank balance of \$295,073 was uncollateralized, while \$250,000 was covered by the Federal Deposit Insurance Corporation.

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 - RIDGEDALE COMMUNITY SCHOOL (Continued)

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

C. Risk Management

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

D. Service Contracts

Tri-Rivers Educational Computer Association - The School entered into an agreement on June 10, 2008, for the 2008-09 school years with the Tri-Rivers Educational Computer Association (TRECA) for planning, instructional, administrative and technical services required for the operation of the School. Under this contract, TRECA is required to provide the following services:

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 - RIDGEDALE COMMUNITY SCHOOL (Continued)

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

1. Annual Fee - The School shall pay \$15,000 for the 2008-2009 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 \$1,900 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 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 Ridgedale Local School District. The following payments were made in fiscal year 2009 from the School to Ridgedale Local School District:

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

Ridgedale Local School District
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 - RIDGEDALE COMMUNITY SCHOOL (Continued)

E. Contingencies

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

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.



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December 30, 2009

Board of Education
Ridgedale Local School District
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 governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Ridgedale Local School District, Marion County, Ohio, as of and for the year ended June 30, 2009, which collectively comprise the Ridgedale Local School District's basic financial statements 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 Ridgedale Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ridgedale Local School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ridgedale Local School District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2009-01 to be a significant deficiency in internal control over financial reporting.

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

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

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

We noted certain matters that we reported to management of Ridgedale Local School District in a separate letter dated December 30, 2009.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Ridgedale Local School District in a separate letter dated December 30, 2009.

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

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

Hea & Associates, Inc.

**RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY**

**Schedule of Findings & Responses
Year Ended June 30, 2009**

1. Summary of Auditor's Results	
Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies identified that are not considered to be material weaknesses?	Yes
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS	

FINDING 2009-01

Significant Deficiency

A necessary step in the District's internal controls over financial reporting is the proper approval of expenditures. The District's procedures require that purchase orders are to obtain written authorization by the Treasurer and Superintendent prior to purchase of goods and/or services. Invoices for goods and/or services received are required to be approved by the designated District employee prior to issuance of payment indicating the appropriate goods/services have been received. Of the twenty-three transactions selected for audit testing, we found seven purchase orders without proper authorization and three paid invoices without approval.

We recommend the District take the necessary steps to ensure that all departments follow procedures. This will ensure the District is obtaining reasonable costs for goods and services, and is within the appropriations authorized by management.

Management concurs and has begun implementation of procedures to ensure that internal control procedures established by the District are adhered to as established by management.

**RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY**

**Schedule of Prior Findings
Year Ended June 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-RLSD-001	Ohio Revised Code Section 5705.41(D) requires expenditures to be certified prior to the expenditure of resources.	Yes	



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December 30, 2009

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

To the Board of Education:

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 Local School District 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 district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district 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 Education and is not intended to be and should not be used by anyone other than these specified parties.

Hea & Associates, Inc.



Mary Taylor, CPA
Auditor of State

RIDGEDALE LOCAL SCHOOL DISTRICT
MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 9, 2010