



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

RIDGE MONT LOCAL SCHOOL DISTRICT HARDIN COUNTY

REGULAR AUDIT

For the Year Ended June 30, 2013
Fiscal Year Audited Under GAGAS: 2013



Dave Yost • Auditor of State

Board of Education
Ridgemont Local School District
162 East Hale St.
Ridgeway, Ohio 43345

We have reviewed the *Independent Auditor's Report* of the Ridgemont Local School District, Hardin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2012 through June 30, 2013. 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 Ridgemont Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

February 15, 2015

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**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Members of the Board of Education
Ridgemont Local School District
162 East Hale St.
Ridgeway, Ohio 43345

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgemont Local School District, Hardin County, Ohio, (the District) as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Ridgemont Local School District
Independent Auditor's Report
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgemont Local School District, Hardin County, Ohio as of June 30, 2013, and the respective changes in cash financial position and the budgetary fund comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2013, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities, and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

Piketon, Ohio

November 21, 2014

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The management's discussion and analysis of the Ridgemont Local School District's (the "District") financial performance provides an overall review of the District's cash basis financial activities for the fiscal year ended June 30, 2013. 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 2013 are as follows:

- At June 30, 2013, the District's net cash position of governmental activities increased \$7,307,807, which represents a 513.37% increase from fiscal year 2012. This increase can be attributed to the Ohio Facilities Construction Commission (OFCC) project that entailed the issuance of bonds in the amount of \$6,974,538 which are included with the general cash receipts.
- General cash receipts accounted for \$12,486,403 in cash receipts or 89.01% of all cash receipts. Program specific cash receipts in the form of charges for services and sales and grants and contributions accounted for \$1,541,021 or 10.99% of total cash receipts of \$14,027,424.
- The District had \$6,719,617 in cash disbursements related to governmental activities; \$1,541,021 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,486,403 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, building fund and the classroom facilities fund. The general fund had \$5,717,375 in cash receipts and other financing sources and \$5,312,853 in cash disbursements and other financing uses. During fiscal year 2013, the general fund's fund cash balance increased \$404,522 from \$1,123,085 to \$1,527,607.
- The building fund had \$7,116,576 in cash receipts and other financing sources and \$5,024,240 in cash disbursements and other financing uses.
- The classroom facilities fund had \$5,118,789 in cash receipts and other financing sources and \$290,796 in cash disbursements.

Using the Cash Basis Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis 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, building fund and the classroom facilities fund are reported as major funds.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did the District do financially during fiscal year 2013?" These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis 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.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services and not collected), liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and deferred inflows and outflows of resources are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position - cash basis and statement of activities - cash basis, 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 position - cash basis and statement of activities - cash basis can be found on pages 14-15 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. 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 major governmental funds are the general fund, building fund and the classroom facilities 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 the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. The relationship (or differences) between governmental activities (reported in the statement of net position - cash basis and statement of activities - cash basis) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-18 of this report.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

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 position - cash basis and changes in fiduciary net position - cash basis on pages 19-20. These activities are excluded from the District's other financial statements because the cash position cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-42 of this report.

The District as a Whole

The table below provides a summary of the District's net cash position at June 30, 2013 and June 30, 2012.

	Net Cash Position	
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
<u>Assets</u>		
Current assets	\$ 8,731,298	\$ 1,423,491
<u>Net Cash Position</u>		
Restricted	7,203,479	300,406
Unrestricted	<u>1,527,819</u>	<u>1,123,085</u>
Total net cash position	<u>\$ 8,731,298</u>	<u>\$ 1,423,491</u>

Total net cash position of the District increased \$7,307,807, which represents a 513.37% increase from net cash position at June 30, 2012. This increase can be attributed to \$6,974,538 in bonds issued to finance the local share and locally funded initiative of the District's OFCC project and \$305,000 in grants received from the OFCC for its share of the project. A portion of the District's net cash position, \$7,203,479, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash position of \$1,527,819 may be used to meet the District's ongoing obligations to the students and creditors.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The table below shows the change in net cash position for fiscal years 2013 and 2012.

Change in Net Cash Position			
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>	
<u>Cash receipts:</u>			
Program cash receipts:			
Charges for services and sales	\$ 758,971	\$ 821,184	
Operating grants and contributions	777,608	777,018	
Capital grants and contributions	4,442	-	
General cash receipts:			
Property taxes	1,620,514	1,356,001	
Income taxes	987,311	839,092	
Grants and entitlements			
Unrestricted	2,397,463	2,469,952	
Restricted for Ohio School Facilities	305,000	-	
Premium on bonds sold	140,642	-	
Sale of bonds	6,974,538	-	
Investment earnings	4,586	2,731	
Other	56,349	56,452	
Total cash receipts	<u>14,027,424</u>	<u>6,322,430</u>	

-Continued

Property tax receipts increased in fiscal year 2013 as a result of property tax collections from the bond levy approved by voters on March 6, 2012. During fiscal year 2013 income taxes increased due to an increase in amount of income taxes collected. Grants and entitlements decreased due to a decrease in the amount of state foundation received. The most significant increase was in the sale of bonds for the construction project through the OFCC.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Change in Net Cash Position (Continued)

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
<u>Cash disbursements:</u>		
Current:		
Instruction:		
Regular	\$ 2,466,676	\$ 2,436,039
Special	292,979	537,968
Vocational	154,400	169,798
Other	9,814	63,095
Support services:		
Pupil	248,828	179,694
Instructional staff	258,253	180,631
Board of education	24,111	27,163
Administration	675,005	666,903
Fiscal	241,859	247,565
Operations and maintenance	517,372	455,899
Pupil transportation	367,054	435,375
Central	56,966	57,938
Operation of non-instructional services:		
Other non-instructional services	2,277	1,684
Food service operations	260,888	259,260
Extracurricular activities	255,359	190,227
Facilities acquisition and construction	377,026	401
Debt service:		
Principal retirement	58,523	62,356
Interest and fiscal charges	312,047	122,644
Bond issuance costs	140,180	-
Total cash disbursements	<u>6,719,617</u>	<u>6,094,640</u>
Change in net cash position	7,307,807	227,790
Net cash position at beginning of year	<u>1,423,491</u>	<u>1,195,701</u>
Net cash position at end of year	<u>\$ 8,731,298</u>	<u>\$ 1,423,491</u>

Governmental Activities

Net cash position of the District's governmental activities increased \$7,307,807. Total governmental cash disbursements of \$6,719,617 were offset by program cash receipts of \$1,541,021 and general cash receipts of \$12,486,403. Program cash receipts supported 22.93% of the total governmental cash disbursements.

The primary sources of cash receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These cash receipt sources represent 35.68% of total governmental cash receipts. During the year the District sold bonds in the amount of \$6,974,538 to finance the local portion of the OFCC construction project.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The largest cash disbursement category of the District is for instructional programs. Instruction cash disbursements totaled \$2,923,869 or 43.51% of total governmental cash disbursements for fiscal year 2013.

The statement of activities - cash basis 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 for fiscal years 2013 and 2012. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Cash disbursements:				
Instruction:				
Regular	\$ 2,466,676	\$ 1,737,502	\$ 2,436,039	\$ 1,784,133
Special	292,979	59,964	537,968	185,280
Vocational	154,400	117,091	169,798	131,610
Other	9,814	2,661	63,095	(12,446)
Support services:				
Pupil	248,828	142,070	179,694	142,242
Instructional staff	258,253	148,475	180,631	102,434
Board of education	24,111	24,111	27,163	27,163
Administration	675,005	675,005	666,903	666,903
Fiscal	241,859	241,859	247,565	247,565
Operations and maintenance	517,372	517,372	455,899	455,864
Pupil transportation	367,054	361,304	435,375	426,620
Central	56,966	56,966	57,938	57,938
Operation of non-instructional services:				
Other non-instructional services	2,277	2,277	1,684	893
Food service operations	260,888	33,310	259,260	12,495
Extracurricular activities	255,359	170,853	190,227	82,343
Facilities acquisition and construction	377,026	377,026	401	401
Debt service:				
Principal retirement	58,523	58,523	62,356	62,356
Interest and fiscal charges	312,047	312,047	122,644	122,644
Bond issuance costs	140,180	140,180	-	-
Total	<u>\$ 6,719,617</u>	<u>\$ 5,178,596</u>	<u>\$ 6,094,640</u>	<u>\$ 4,496,438</u>

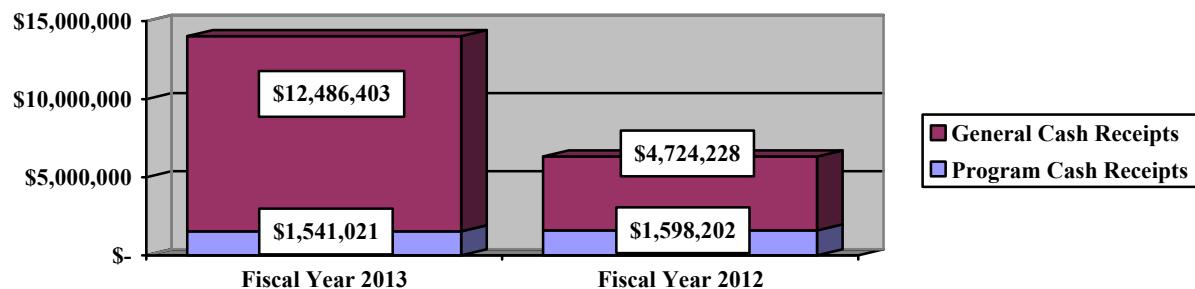
The dependence upon tax and other general cash receipts for governmental activities is apparent, 65.57% of instructional activities are supported through taxes and other general cash receipts. For all governmental activities, general cash receipt support is 77.07%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for the District's students.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The graph below presents the District's governmental activities cash receipts for fiscal years 2013 and 2012.

Governmental Activities - General and Program Cash Receipts



The District's Funds

The District's governmental funds reported a combined fund cash balance of \$8,731,298, which is higher than last year's total fund cash balance of \$1,423,491. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2013 and June 30, 2012.

	Fund Cash Balance <u>June 30, 2013</u>	Fund Cash Balance <u>June 30, 2012</u>	Increase (decrease)	Percentage Change
General	\$ 1,527,607	\$ 1,123,085	\$ 404,522	36.02 %
Building	2,092,336	-	2,092,336	100.00 %
Classroom facilities	4,827,993	-	4,827,993	100.00 %
Other governmental	<u>283,362</u>	<u>300,406</u>	<u>(17,044)</u>	<u>(5.67) %</u>
Total	<u>\$ 8,731,298</u>	<u>\$ 1,423,491</u>	<u>\$ 7,307,807</u>	<u>513.37 %</u>

General Fund

The District's general fund cash balance increased \$404,522.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The table that follows assists in illustrating the financial activities and fund cash balance of the general fund.

	2013 <u>Amount</u>	2012 <u>Amount</u>	Increase/ (Decrease)	Percentage Change
<u>Cash receipts</u>				
Taxes	\$ 2,256,671	\$ 2,032,238	\$ 224,433	11.04 %
Tuition	556,984	586,966	(29,982)	(5.11) %
Earnings on investments	4,586	2,731	1,855	67.92 %
Intergovernmental	2,519,487	2,618,577	(99,090)	(3.78) %
Other receipts	<u>105,026</u>	<u>108,668</u>	<u>(3,642)</u>	(3.35) %
Total	<u><u>\$ 5,442,754</u></u>	<u><u>\$ 5,349,180</u></u>	<u><u>\$ 93,574</u></u>	1.75 %
<u>Cash disbursements</u>				
Instruction	\$ 2,709,282	\$ 2,716,568	\$ (7,286)	(0.27) %
Support services	2,192,229	2,082,792	109,437	5.25 %
Non-instructional services	2,277	1,184	1,093	92.31 %
Extracurricular activities	181,415	145,803	35,612	24.42 %
Facilities acquisition and construction	<u>12,913</u>	<u>401</u>	<u>12,512</u>	3,120.20 %
Total	<u><u>\$ 5,098,116</u></u>	<u><u>\$ 4,946,748</u></u>	<u><u>\$ 151,368</u></u>	3.06 %

Overall cash receipts increased \$93,574 or 1.75% during fiscal year 2013. Taxes increased \$224,433 or 11.04% due to increased property and income tax collections. Intergovernmental revenue decreased \$99,090 or 3.78% due to a decrease in the amount of state foundation received during the fiscal year. Earnings on investments increased \$1,855 or 67.92% due to an increase in funds available to invest.

Overall cash disbursements increased \$151,368 or 3.06% during fiscal year 2013. The increase in support services is due to increased costs related to personnel. The increase in facilities acquisition and construction is due to the OFCC construction project. The increase in extracurricular activities is due to the increased disbursements for athletics and other extracurricular activities. The increase in non-instructional services, while a large percentage, is insignificant to the total.

Building Fund

The building fund had \$7,116,576 in cash receipts and other financing sources and \$5,024,240 in cash disbursements and other financing uses. The building fund received \$6,974,538 in sale of bonds, of which \$4,810,743 was transferred to the classroom facilities fund per the OFCC project agreement to finance the local share of the construction project. The remaining \$2,163,795 of bond proceeds will be used to finance the locally funded initiatives related to the construction project.

Classroom Facilities Fund

The classroom facilities fund had \$5,118,789 in cash receipts and other financing sources and \$290,796 in cash disbursements. The classroom facilities fund received a transfer from the building fund in the amount of \$4,810,743 to finance the local share of the OFCC project.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

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.

For the general fund, final budgetary basis receipts and other financing sources of \$5,670,369 were \$87,393 more than original budget estimates of \$5,582,976. The actual budgetary basis receipts and other financing sources of \$5,670,369 were the same as the final budget estimates. The final budgetary basis disbursements and other financing uses of \$5,582,718 were \$244,999 more than original budget estimates of \$5,337,719. The actual budgetary basis disbursements and other financing uses of \$5,356,799 were \$225,919 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as cash disbursements. The District had facilities acquisition and construction cash disbursements of \$377,026 during fiscal year 2013.

Debt Administration

At June 30, 2013, the District had \$6,860,000 in current interest bonds, \$221,845 in capital appreciation bonds and \$262,099 in accreted interest. Of this total, \$207,879 is due within one year and \$7,136,065 is due in more than one year. The following table summarizes the debt outstanding.

	Outstanding Debt, Year End	
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
Current interest bonds	\$ 6,860,000	\$ -
Capital appreciation bonds	221,845	165,830
Accreted interest	<u>262,099</u>	<u>328,857</u>
Total	<u>\$ 7,343,944</u>	<u>\$ 494,687</u>

See Note 7 to the basic financial statements for detail on the District's debt administration.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Current Financial Related Activities

The District faces many challenges in the future. As the preceding information shows, the District relies heavily upon grants and entitlements and property taxes. Another challenge facing the District is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward schools districts with little property tax wealth. On December 11, 2004, the Ohio Supreme Court issued an opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. Since then, the Ohio Supreme Court has relinquished jurisdiction over the case and directed the Ohio General Assembly to enact school funding plan that is thorough and efficient. The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

The electors of the District approved the issuance of bonds in the amount of \$6,975,000 at the election held on March 6, 2012. The bonds are unlimited tax general obligation bonds issued for the purpose of constructing a new PK-12 school building under the Classroom Facilities Assistance Program of the OFCC and locally funded initiatives.

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 Mr. Fred Reinemeyer, Treasurer, Ridgemont Local Schools, 162 E. Hale Street, PO Box 86, Ridgeway, Ohio 43345.

**CASH-BASIS BASIC
FINANCIAL STATEMENTS**

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 8,731,298
Total assets.	<u>\$ 8,731,298</u>
 Net Cash Position:	
Restricted for:	
Capital projects	6,920,329
Classroom facilities maintenance	20,225
Debt service.	162,488
Locally funded programs	39,306
State funded programs.	59
Federally funded programs	41,751
Student activities	13,647
Other purposes	5,674
Unrestricted	<u>1,527,819</u>
Total net cash position	<u>\$ 8,731,298</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Cash Disbursements	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Cash Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total	
Governmental Activities:						
Instruction:						
Regular	\$ 2,466,676	\$ 568,661	\$ 156,071	\$ 4,442	\$ (1,737,502)	
Special	292,979	-	233,015	-	(59,964)	
Vocational	154,400	-	37,309	-	(117,091)	
Other	9,814	-	7,153	-	(2,661)	
Support services:						
Pupil.	248,828	-	106,758	-	(142,070)	
Instructional staff	258,253	-	109,778	-	(148,475)	
Board of education.	24,111	-	-	-	(24,111)	
Administration.	675,005	-	-	-	(675,005)	
Fiscal.	241,859	-	-	-	(241,859)	
Operations and maintenance.	517,372	-	-	-	(517,372)	
Pupil transportation	367,054	-	5,750	-	(361,304)	
Central.	56,966	-	-	-	(56,966)	
Operation of non-instructional services:						
Other non-instructional services.	2,277	-	-	-	(2,277)	
Food service operations	260,888	110,926	116,652	-	(33,310)	
Extracurricular activities	255,359	79,384	5,122	-	(170,853)	
Facilities acquisition and construction.	377,026				(377,026)	
Principal retirement	58,523	-	-	-	(58,523)	
Interest and fiscal charges	312,047	-	-	-	(312,047)	
Bond issuance costs	140,180				(140,180)	
Totals	<u>\$ 6,719,617</u>	<u>\$ 758,971</u>	<u>\$ 777,608</u>	<u>\$ 4,442</u>	<u>(5,178,596)</u>	
General Cash Receipts:						
Property taxes levied for:						
General purposes					1,269,360	
Debt service.					333,275	
Special revenue					17,879	
Income taxes levied for general purposes					987,311	
Grants and entitlements:						
Unrestricted					2,397,463	
Restricted for Ohio Facilities Construction						
Commission.					305,000	
Premium on bonds sold.					140,642	
Sale of bonds.					6,974,538	
Earnings on investments					4,586	
Miscellaneous					56,349	
Total general cash receipts					<u>12,486,403</u>	
Change in net cash position					<u>7,307,807</u>	
Net cash position at beginning of year					<u>1,423,491</u>	
Net cash position at end of year					<u>\$ 8,731,298</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS - CASH BASIS
JUNE 30, 2013

	General	Building	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 1,527,607	\$ 2,092,336	\$ 4,827,993	\$ 283,362	\$ 8,731,298
Total assets	<u>\$ 1,527,607</u>	<u>\$ 2,092,336</u>	<u>\$ 4,827,993</u>	<u>\$ 283,362</u>	<u>\$ 8,731,298</u>
Fund Cash Balances:					
Nonspendable:					
Unclaimed monies	\$ 17,119	\$ -	\$ -	\$ -	\$ 17,119
Restricted:					
Debt service	-	-	-	162,488	162,488
Capital improvements	-	2,092,336	4,827,993	-	6,920,329
Classroom facilities maintenance	-	-	-	20,225	20,225
Food service operations	-	-	-	5,674	5,674
Special education	-	-	-	5,788	5,788
Targeted academic assistance	-	-	-	1,392	1,392
Extracurricular activities	-	-	-	13,647	13,647
Other purposes.	-	-	-	73,936	73,936
Assigned:					
Student instruction	68,846	-	-	-	68,846
Student and staff support.	40,689	-	-	-	40,689
Other purposes.	17,119	-	-	212	17,331
Unassigned	<u>1,383,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,383,834</u>
Total fund cash balances	<u>\$ 1,527,607</u>	<u>\$ 2,092,336</u>	<u>\$ 4,827,993</u>	<u>\$ 283,362</u>	<u>\$ 8,731,298</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Building	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Cash receipts:					
From local sources:					
Property taxes	\$ 1,269,360	\$ -	\$ -	\$ 351,154	\$ 1,620,514
Income taxes	987,311	-	-	-	987,311
Tuition	556,984	-	-	-	556,984
Earnings on investments	4,586	1,396	3,046	-	9,028
Charges for services	-	-	-	110,926	110,926
Extracurricular	39,318	-	-	40,066	79,384
Classroom materials and fees	11,677	-	-	-	11,677
Contributions and donations	100	-	-	4,866	4,966
Other local revenues	53,931	-	-	2,074	56,005
Intergovernmental - intermediate	-	-	-	25,948	25,948
Intergovernmental - state	2,519,487	-	305,000	53,665	2,878,152
Intergovernmental - federal	-	-	-	570,849	570,849
Total receipts	5,442,754	1,396	308,046	1,159,548	6,911,744
Cash disbursements:					
Current:					
Instruction:					
Regular	2,362,281	-	-	104,395	2,466,676
Special	188,724	-	-	104,255	292,979
Vocational	153,780	-	-	620	154,400
Other	4,497	-	-	5,317	9,814
Support services:					
Pupil	180,936	-	-	67,892	248,828
Instructional staff	158,402	-	-	99,851	258,253
Board of education	24,111	-	-	-	24,111
Administration	654,985	-	-	20,020	675,005
Fiscal	232,403	-	-	9,456	241,859
Operations and maintenance	517,372	-	-	-	517,372
Pupil transportation	367,054	-	-	-	367,054
Central	56,966	-	-	-	56,966
Operation of non-instructional services:					
Other operation of non-instructional	2,277	-	-	-	2,277
Food service operations	-	-	-	260,888	260,888
Extracurricular activities	181,415	-	-	73,944	255,359
Facilities acquisition and construction	12,913	73,317	290,796	-	377,026
Debt service:					
Principal retirement	-	-	-	58,523	58,523
Interest and fiscal charges	-	-	-	312,047	312,047
Bond issuance costs	-	140,180	-	-	140,180
Total disbursements	5,098,116	213,497	290,796	1,117,208	6,719,617
Excess (deficiency) of receipts over (under) disbursements	344,638	(212,101)	17,250	42,340	192,127
Other financing sources (uses):					
Premium on bonds sold	-	140,642	-	-	140,642
Sale of bonds	-	6,974,538	-	-	6,974,538
Sale of assets	500	-	-	-	500
Transfers in	-	-	4,810,743	38,200	4,848,943
Transfers (out)	(38,200)	(4,810,743)	-	-	(4,848,943)
Advances in	274,121	-	-	176,537	450,658
Advances (out)	(176,537)	-	-	(274,121)	(450,658)
Total other financing sources (uses)	59,884	2,304,437	4,810,743	(59,384)	7,115,680
Net change in fund cash balances	404,522	2,092,336	4,827,993	(17,044)	7,307,807
Fund cash balances at beginning of year	1,123,085	-	-	300,406	1,423,491
Fund cash balances at end of year	\$ 1,527,607	\$ 2,092,336	\$ 4,827,993	\$ 283,362	\$ 8,731,298

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
Budgetary basis receipts:					
From local sources:					
Property taxes	\$ 1,249,796	\$ 1,269,360	\$ 1,269,360	\$	-
Income taxes.	972,094	987,311	987,311		-
Tuition.	548,400	556,984	556,984		-
Earnings on investments	4,515	4,586	4,586		-
Classroom materials and fees	3,928	3,989	3,989		-
Contributions and donations.	98	100	100		-
Other local revenues	53,100	53,931	53,931		-
Intergovernmental - state	2,480,657	2,519,487	2,519,487		-
Total receipts	<u>5,312,588</u>	<u>5,395,748</u>	<u>5,395,748</u>		-
Budgetary basis disbursements:					
Current:					
Instruction:					
Regular	2,390,337	2,443,521	2,392,496	51,025	
Special.	278,010	232,860	210,643	22,217	
Vocational.	161,259	169,939	162,804	7,135	
Other.	15,000	5,000	4,497	503	
Support services:					
Pupil.	110,989	195,264	186,423	8,841	
Instructional staff	387,480	179,580	171,395	8,185	
Board of education	26,440	27,240	24,111	3,129	
Administration.	669,936	682,686	655,005	27,681	
Fiscal	241,519	243,244	232,450	10,794	
Operations and maintenance.	433,749	560,754	527,531	33,223	
Pupil transportation	349,835	404,710	367,769	36,941	
Central.	59,000	59,000	56,966	2,034	
Other operation of non-instructional services.	1,200	2,300	2,277	23	
Extracurricular activities.	127,630	139,895	133,333	6,562	
Facilities acquisition and construction	20,335	20,525	12,913	7,612	
Total disbursements	<u>5,272,719</u>	<u>5,366,518</u>	<u>5,140,613</u>	<u>225,905</u>	
Excess of receipts over disbursements	<u>39,869</u>	<u>29,230</u>	<u>255,135</u>	<u>225,905</u>	
Other financing sources (uses):					
Sale of assets	492	500	500		-
Transfers (out).	(15,000)	(38,200)	(38,200)		-
Advances in.	269,896	274,121	274,121		-
Advances (out)	(50,000)	(178,000)	(177,986)	14	
Total other financing sources (uses)	<u>205,388</u>	<u>58,421</u>	<u>58,435</u>	<u>14</u>	
Net change in fund cash balance	245,257	87,651	313,570	225,919	
Fund cash balance at beginning of year	1,049,664	1,049,664	1,049,664	-	
Prior year encumbrances appropriated	37,719	37,719	37,719	-	
Fund cash balance at end of year	\$ 1,332,640	\$ 1,175,034	\$ 1,400,953	\$ 225,919	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 5,124	\$ 47,438
Total assets.	<u>5,124</u>	<u>47,438</u>
Net position:		
Held for student activities	-	47,438
Held in trust for scholarships	<u>5,124</u>	<u>-</u>
Total net cash position.	<u>\$ 5,124</u>	<u>\$ 47,438</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	\$ 4,255
Total additions	<u>4,255</u>
Deductions:	
Scholarships awarded	<u>4,165</u>
Change in net cash position	90
Net cash position at beginning of year. . .	<u>5,034</u>
Net cash position at end of year	<u>\$ 5,124</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Ridgemont 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 an elected Board of Education (5 members) elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines. Average daily membership (ADM) as of June 30, 2013 was 487. The District employed 4 administrators, 42 certificated employees and 21 non-certificated employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.D, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the District’s accounting policies.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financials are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District.

Component units are legally separate organizations for 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; the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Components units may also include organizations that fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. The District has no component units.

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

JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan and Shelby counties. WOCO 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. Each of the governments of these districts supports WOCO, based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the District does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The superintendent of each member district is seated in the assembly, which elects a Board of Directors for the Consortium, and approves major items proposed by the Board of Directors, such as the annual budget, fees schedule, and new cooperative ventures. The Board of Directors is comprised of 14 members, including two superintendents from member districts in each county and the superintendent of the entity serving as its fiscal agent (currently the Shelby County Educational Service Center). Financial information can be obtained from Don Walls, Director, at 129 East Court Street, Sidney, Ohio 45265.

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio. The JVS is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. Financial information is available from Eric Adelsberger, Treasurer, of the Ohio Hi-Point Joint Vocational School District, 2280 State Route 540, Suite A, Bellefontaine, Ohio 43311.

INSURANCE POOL

Hardin County School Employees' Health Welfare Benefit Plan and Trust

The Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the "Trust") is a public entity shared risk pool consisting of six school districts and the District. The Trust is organized as a Voluntary Employee Benefit association under Section 501(C)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to an Administrative Committee, which advises of the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each school district and the District decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Rick Combs, who services as Director, 9525 T.R. 50, Dola, Ohio, 45835.

RELATED ORGANIZATION

Ridgemont Public Library

The Ridgemont Public Library (the "Library") is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District's Board of Education. The Board of Trustees possessed its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information may be obtained from the Ridgemont Public Library, April Ealy, Clerk/Treasurer, at 124 East Taylor Street, Mt. Victory, Ohio, 43340.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net position 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.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

All assets and net cash assets associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary 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. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Building fund - This fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

Classroom facilities fund - The classroom facilities capital projects fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUNDS

Proprietary funds are used to account for the ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on Net Position and changes in Net Position. 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 a scholarship program for students and monies held for needy children. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Monies are due to students for activities they have participated in.

D. Basis of Accounting

Although Ohio Administrative Code § 117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level within each fund and function.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

F. Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. During year 2013, investments were limited to STAR Ohio and were reported at fair value, which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during year 2013. 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, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during year 2013 amounted to \$4,586, which includes \$1,028 assigned from other funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Inventory and Prepaid Items

The District reports cash disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

I. Interfund Balances

On fund financial statements, the District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying fund financial statements under the cash basis of accounting. Advances are eliminated in the governmental activities column on the statement of net position.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave. Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

K. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal and interest payments.

L. Fund Cash Balance

Fund cash balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

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

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

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

M. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District did not have any restricted assets at June 30, 2013.

N. Net Cash Position

Net cash position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net cash position restricted for other purposes include amounts restricted for food service operations. The District did not have any net cash position restricted by enabling legislation at June 30, 2013.

O. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 and after nonoperating receipts/disbursements in the proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

P. 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 2013.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

**RIDGEMONT LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District’s financial statements to incorporate the concepts of net position. Since the District uses the cash basis of accounting, the concepts of deferred outflows of resources and deferred inflows of resources do not apply.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the District.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

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;

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

A. Cash on Hand

At year end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$177,202. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$255,165 of the District's bank balance of \$396,971 was covered by the FDIC, while \$141,806 was exposed to custodial risk as discussed below.

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% 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.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2013, the District had the following investment and maturity:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
		6 months
		or less
STAR Ohio	\$ 8,606,558	\$ 8,606,558

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. The District has no policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute requires that an investment mature within five years from the date of purchase, unless matched to an specific obligation or debt of the District, and that investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: STAR Ohio carries a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not address credit risk beyond the requirements of State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute 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, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 8,606,558	100.00

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of June 30, 2013:

Cash and investments per note disclosure

Carrying amount of deposits	\$ 177,202
Investments	8,606,558
Cash on hand	100
Total	\$ 8,783,860

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Cash and investments per statement of net position

Governmental activities	\$ 8,731,298
Private-purpose trust	5,124
Agency fund	<u>47,438</u>
Total	<u>\$ 8,783,860</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Advances for the fiscal year ended June 30, 2013, as reported on the fund statements, consist of the following:

<u>Advances in</u>	<u>Advances out</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 274,121
Nonmajor governmental funds	General fund	<u>176,537</u>
		<u>\$ 450,658</u>

The advances reported on the fund statements are return payments for advances that originated prior to fiscal year 2012 and for advances that were made during fiscal year 2013.

The primary purpose of the advances is to cover costs in specific funds where expected funds were not received by June 30. New advances are expected to be repaid once the anticipated funds are received.

Interfund advances between governmental funds are eliminated on the government-wide financial statements; therefore, no advances are reported on the statement of activities.

- B. Transfers for the fiscal year ended June 30, 2013, as reported on the fund statements, consist of the following:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Nonmajor governmental funds	General	\$ 38,200
Classroom facilities fund	Building fund	<u>4,810,743</u>
		<u>\$ 4,848,943</u>

Transfers are used to move cash receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them and to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the Building fund to the classroom facilities fund was made to deposit the \$4,810,743 local share of the OFCC construction project into the classroom facilities fund in accordance with the project agreement. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 6 - 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 property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Hardin and Logan Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 65,842,310	95.73	\$ 66,355,770	94.13
Public utility personal	<u>3,897,230</u>	<u>4.27</u>	<u>4,139,630</u>	<u>5.87</u>
Total	<u>\$ 69,739,540</u>	<u>100.00</u>	<u>\$ 70,495,400</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 33.60		\$ 38.97	

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2013, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/12</u>	Additions	Reductions	Balance Outstanding <u>06/30/13</u>	Amounts Due in One Year
Governmental activities:					
<i>General obligation bonds:</i>					
Refunding bonds - Series 1998					
Capital appreciation bonds	\$ 165,830	\$ -	\$ (58,523)	\$ 107,307	\$ 55,232
Accreted interest	<u>328,857</u>	<u>32,936</u>	<u>(126,477)</u>	<u>235,316</u>	<u>122,647</u>
Total refunding bonds - Series 1998	<u>494,687</u>	<u>32,936</u>	<u>(185,000)</u>	<u>342,623</u>	<u>177,879</u>
School facilities construction & improvement bonds - Series 2012					
Current interest bonds	-	6,860,000	-	6,860,000	30,000
Capital appreciation bonds	-	114,538	-	114,538	-
Accreted interest	-	26,783	-	26,783	-
Total school facilities construction & improvement bonds - Series 2012	<u>-</u>	<u>7,001,321</u>	<u>-</u>	<u>7,001,321</u>	<u>30,000</u>
Total long-term obligations	<u>\$ 494,687</u>	<u>\$ 7,034,257</u>	<u>\$ (185,000)</u>	<u>\$ 7,343,944</u>	<u>\$ 207,879</u>

School Improvement Refunding Bonds - Series 1998: In July 1998, the District issued \$1,929,995 in School Improvement bonds for the purpose of refunding general obligation bonds originally issued for the purpose of paying the costs of improving, constructing, reconstruction, renovating, remodeling, enlarging, furnishing, and equipping existing buildings and facilities for school purposes and improving sites for school purposes. Of this issuance, \$1,410,000 was serial bonds with interest rates ranging from 3.75% to 4.40% with a final maturity of December 1, 2006. The remaining \$519,995 was comprised of capital appreciation bonds with interest rates ranging from 4.65% to 9.3404% with annual maturities beginning on December 1, 2007 and ending on December 1, 2014. Accreted interest totaled \$235,316 as of June 30, 2013.

Principal and interest requirements to retire debt outstanding at year end on the series 1998 general obligations bonds are as follows:

Fiscal Year Year Ending <u>June 30,</u>	Capital Appreciation Refunding Bonds - Series 1998		
	Principal	Interest	Total
2014	\$ 55,232	\$ 129,768	\$ 185,000
2015	<u>52,075</u>	<u>132,925</u>	<u>185,000</u>
Total	<u>\$ 107,307</u>	<u>\$ 262,693</u>	<u>\$ 370,000</u>

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

School Facilities Construction and Improvement Bonds - Series 2012: During fiscal year 2013, the District issued general obligation bonds to provide funds for the construction of school facilities under the Classroom Facilities Assistance Program of the OFCC and locally funded initiatives; renovating and improving existing school facilities, furnishing and equipping the facilities; improving the sites; and acquiring land (hereinafter called "Construction Project"). These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment.

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of a facilities grant from the OFCC. The OFCC will make quarterly disbursements to the District as the project is completed. As of June 30, 2013, the total estimated cost of the Construction Project is \$20,044,763, of which the OFCC will pay \$15,234,020.

This issue is comprised of current interest serial and term bonds, par value \$6,860,000, and capital appreciation bonds, par value \$114,538. The interest rates on the current interest bonds range from 2.00% to 4.00%. The capital appreciation bonds mature on December 1, 2015, December 1, 2016, and December 1, 2017 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date and the approximate initial offering yield to maturity is 1.40%, 1.65%, and 1.90%, respectively. Accrued interest totaled \$26,783 as of June 30, 2013. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2050.

Principal and interest requirements to retire debt outstanding at year end on the series 2012 general obligations bonds are as follows:

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 30,000	\$ 233,285	\$ 263,285	\$ -	\$ -	\$ -
2015	110,000	231,885	341,885	-	-	-
2016	-	230,785	230,785	48,501	66,499	115,000
2017	-	230,785	230,785	37,320	77,680	115,000
2018	-	230,785	230,785	28,717	86,283	115,000
2019 - 2023	605,000	1,123,450	1,728,450	-	-	-
2024 - 2028	725,000	1,032,300	1,757,300	-	-	-
2029 - 2033	850,000	914,040	1,764,040	-	-	-
2034 - 2038	985,000	768,141	1,753,141	-	-	-
2039 - 2043	1,170,000	579,125	1,749,125	-	-	-
2044 - 2048	1,405,000	339,563	1,744,563	-	-	-
2049 - 2051	<u>980,000</u>	<u>59,800</u>	<u>1,039,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,860,000</u>	<u>\$ 5,973,944</u>	<u>\$ 12,833,944</u>	<u>\$ 114,538</u>	<u>\$ 230,462</u>	<u>\$ 345,000</u>

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The Ohio Revised Code further provides that when a board of education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that district a "special needs" district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The District was determined to be a "special needs" district by the State Superintendent on January 28, 2011.

NOTE 8 - RISK MANAGEMENT

A. Employee Life, Death, Medical/Surgical, Dental and Vision

The Center provides life, accidental death and dismemberment, medical/surgical, dental, and vision insurance to most employees through Hardin County School Employees' Health and Welfare Benefit Plan and Trust (see Note 2.A for detail). Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies by employee depending on the terms of the union contract.

B. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, the District maintained comprehensive insurance coverage with a private carrier for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully registered. The District has entered into contracts with various insurance agencies for the following amounts of coverage and deductibles:

<u>Type of Coverage</u>		<u>Coverage</u>	<u>Deductible</u>
General Liability	\$ 5,000,000	General Aggregate	
	3,000,000	Each Occurrence	
Vehicle Policy	3,000,000	Liability	
	1,000,000	Property Damage	\$ 250
	1,000,000	Uninsured Motorist	

--Continued

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 8 - RISK MANAGEMENT - (Continued)

<u>Type of Coverage</u>		<u>Coverage</u>	<u>Deductible</u>
Buildings and Contents	\$ 18,132,004	Per Occurrence	\$ 1,000
Violence	1,000,000	General Aggregate	
Blanket Bond	10,000	Per Individual	
Crime	25,000	Each Occurrence	1,000

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

C. Workers' Compensation

The District pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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".

Funding Policy - 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 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$93,588, \$86,216 and \$131,522, respectively; 70.37 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 9 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - 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 website at www.strsoh.org, under "Publications".

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 2013, 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, 2013, 2012 and 2011 were \$261,772, \$265,328 and \$306,483, respectively; 82.70 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$12,830, \$13,940 and \$22,905, respectively; 70.37 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$5,287, \$5,092 and \$7,354, respectively; 70.37 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

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, under "Publications" or by calling (888) 227-7877.

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 2013, 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, 2013, 2012 and 2011 were \$20,136, \$20,410 and \$23,576, respectively; 82.70 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. For administrators, teachers, and classified employees, such days shall accumulate equal to a maximum of 175 days, and for classified employees, up to a maximum of 200 days. Upon retirement, payment is made at the rate of one fourth of the accumulated sick leave limited to a maximum of 50 paid days.

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the cash basis, 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 cash receipts, disbursements and change in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a cash disbursement, as opposed to assigned or committed fund cash balance for that portion of outstanding encumbrances (cash basis); and,
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the general fund is as follows:

Net Change in Fund Cash Balance

	<u>General fund</u>
Budget basis	\$ 313,570
Funds budgeted elsewhere	(7,315)
Adjustment for encumbrances	<u>98,267</u>
Cash basis	<u>\$ 404,522</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a cash basis. This includes the unclaimed monies fund, the uniform school supplies fund and the public school fund.

NOTE 13 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

The District is not party to legal proceedings that would have a material effect, if any, on the financial condition of the District.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 14 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund cash receipt amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Disbursements and offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	88,828
Current year qualifying disbursements	(88,828)
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

NOTE 15 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund cash balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year - End Encumbrances</u>
General	\$ 108,457
Other governmental	23,198
Total	<u>\$ 131,655</u>



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Members of the Board of Education
Ridgemont Local School District
162 East Hale St.
Ridgeway, Ohio 43345

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ridgemont Local School District, Hardin County, (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 21, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles and the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position."

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Circleville

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Ridgemont Local School District
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-01.

District's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
November 21, 2014

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

Schedule of Findings
June 30, 2013

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

Finding Number 2013-01

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District prepare its annual financial report in accordance with generally accepted accounting principles.

Client Response

The Board of Education has elected not to prepare its annual financial statements in accordance with generally accepted accounting principles (GAAP) due to cost savings. In the judgment of the School District, the application of GAAP, which exists principally as a guide to entities other than local governments (e.g. for profit businesses), does not produce financial statements that are materially more accurate than non-GAAP financial statements. In light of the higher cost and absence of a material benefit, the School District has chosen to return to the use of non-GAAP annual financial statements commencing with period ended June 30, 2013.

**RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-001	Non-compliance with ORC Section 117.38 and OAC Section 117-2-03 – Annual Financial Report	No	Reissued as Finding 2013-01



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Independent Auditor's Report on Applying Agreed Upon Procedures

Ridgemont Local School District
162 East Hale St.
Ridgeway, Ohio 43345

Members of the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 21, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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 and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
November 21, 2014

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Circleville

Piketon

Worthington



Dave Yost • Auditor of State

RIDGEMONT LOCAL SCHOOL DISTRICT

HARDIN 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
APRIL 9, 2015