



Rea & associates *a brighter way*

Ridgedale Community School

(A Component Unit of Ridgedale Local School District)
Marion County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Ridgedale Community School, Marion County, prepared by Rea & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

May 12, 2016

This page intentionally left blank.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Table of Contents
June 30, 2015

	<i>Page</i>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position.....	6
Statement of Revenues, Expenses and Changes in Net Position.....	7
Statement of Cash Flows.....	8
Notes to the Basic Financial Statements.....	9
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	16

February 26, 2016

To the Board of Directors
Ridgedale Community School
Marion County, Ohio
3103 Hillman Ford Road
Morral, OH 43337

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Ridgedale Community School, Marion County, Ohio, (the School), a component unit of Ridgedale Local School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ridgedale Community School, Marion County, Ohio, as of June 30, 2015, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3–5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Dublin, Ohio

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

The management's discussion and analysis of Ridgedale Community School's (the "School") financial performance provides an overall view of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position was \$194,403 at June 30, 2015.
- The School had operating revenues of \$221,417 and operating expenses of \$235,905 for fiscal year 2015. The School also received \$6,281 in federal and state grants and \$28 in interest income during fiscal year 2015. Total change in net position for the fiscal year was a decrease of \$8,179.

Using this Annual Financial Report

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

Reporting the School's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2015?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include all assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Table 1 provides a summary of the School's net position for 2015 compared to 2014:

Table 1		
Net Position		
	2015	2014
Assets		
Current Assets	\$ 194,403	\$ 202,582
Net Position		
Restricted for Other Purposes	723	19,848
Unrestricted	193,680	182,734
Total Net Position	\$ 194,403	\$ 202,582

Table 2 shows the changes in net position for fiscal year 2015 and 2014:

Table 2		
Changes in Net Position		
	2015	2014
Operating Revenue		
State Foundation	\$ 219,930	\$ 199,049
State Distributed Casino Revenues	1,487	1,850
Other Revenues	0	1,882
<i>Total Operating Revenues</i>	221,417	202,781
Operating Expenses		
Purchased Services	224,702	221,698
Materials and Supplies	6,533	958
Other	4,670	6,143
<i>Total Operating Expenses</i>	235,905	228,799
<i>Operating Loss</i>	(14,488)	(26,018)
Non-Operating Revenues		
Federal and State Grants	6,281	7,815
Interest Income	28	29
<i>Total Non-Operating Revenues</i>	6,309	7,844
<i>Change in Net Position</i>	(8,179)	(18,174)
<i>Net Position Beginning of Year</i>	202,582	220,756
<i>Net Position End of Year</i>	\$ 194,403	\$ 202,582

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

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

The dependence upon state foundation revenues for operating activities is apparent. Most of these monies were used for purchased services. The School's operating revenue is 97 percent of total revenue. State foundation revenue increased \$20,881 from fiscal year 2014 due to an increase in enrollment. State sources are by far the primary support for the Ridgedale Community School.

The School relies on federal and state grants to provide monies needed for operation. The federal and state grants decreased \$1,534 from fiscal year 2014.

Due to increased enrollment, foundation revenues increased \$20,881, or 10% from fiscal year 2014. Correspondingly, purchased services increased \$3,004, or 1% from fiscal year 2014.

Budget

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of the Ohio Revised Code Section 5705.

Current Financial Related Activities

The School is sponsored by the Ridgedale Local School District. The School relies on State Foundation funds as well as the Federal pass-through grants to provide the monies to support the technology-oriented educational program.

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

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

Contacting the School's Financial Management

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

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Statement of Net Position
June 30, 2015

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$ 182,019
Intergovernmental Receivable	<u>12,384</u>

Total Current Assets 194,403

Net Position

Restricted for Other Purposes	723
Unrestricted	<u>193,680</u>
<i>Total Net Position</i>	<u>\$ 194,403</u>

See accompanying notes to the basic financial statements.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

Operating Revenues

State Foundation	\$ 219,930
State Distributed Casino Revenues	<u>1,487</u>

Total Operating Revenues 221,417

Operating Expenses

Purchased Services	224,702
Materials and Supplies	6,533
Other	<u>4,670</u>

Total Operating Expenses 235,905

Operating Loss (14,488)

Non-Operating Revenues

Interest	28
Federal and State Grants	<u>6,281</u>

Total Non-Operating Revenues 6,309

Change in Net Position (8,179)

Net Position Beginning of Year 202,582

Net Position End of Year \$ 194,403

See accompanying notes to the basic financial statements.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

Cash Flows From Operating Activities

Cash Received from State Foundation	\$	207,546
Cash Received from Casino Revenue		1,487
Cash Payments for Goods and Services		(224,702)
Cash Payments for Materials and Supplies		(6,533)
Cash Payments for Other Expenses		(4,670)
		(4,670)

Net Cash Used for Operating Activities (26,872)

Cash Flows From Non-Capital Financing Activities

Grants Received		34,096
		34,096

Cash Flows From Investing Activities

Interest on Investments		28
		28

Net Increase in Cash and Cash Equivalents 7,252

Cash and Cash Equivalents Beginning of Year 174,767

Cash and Cash Equivalents End of Year \$ 182,019

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

Operating Loss \$ (14,488)

Adjustment:

Increase in Intergovernmental Receivable (12,384)

Net Cash Used for Operating Activities \$ (26,872)

See accompanying notes to the basic financial statements.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1 – Description of the School

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

The School was certified by the State of Ohio Secretary of State as a non-profit organization on June 25, 2002, and begun operations in May 2004. The School was approved for operation under a contract with the Ridgedale Local School District (the “Sponsor”) for a five year period commencing July 1, 2012. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration.

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

The School has developed a cooperative arrangement with the Sponsor.

Note 2 – Summary of Significant Accounting Policies

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School’s accounting policies are described below.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

A. Basis of Presentation

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

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

B. Measurement Focus and Basis of Accounting

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

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

C. Budgetary Process

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

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

D. Cash and Cash Equivalents

Cash held by the School is reflected as “equity in pooled cash and cash equivalents” on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2015, the School had no investments.

E. Capital Assets and Depreciation

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

F. Net Position

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

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

G. Operating Revenues and Expenses

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

H. Intergovernmental Revenue

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Federal and State grant revenue for the fiscal year 2015 was \$6,281.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Estimates

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

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

K. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2015, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*.

GASB Statement No. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 did not have an effect on the financial statements of the School.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the School.

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. This did not have an effect on the School's financial statements.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 3 - Deposits

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School's name. During fiscal year 2015, the School and public depositories complied with the provisions of these statutes.

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

At June 30, 2015, the carrying amount of the School's deposits was \$182,019. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2015, all of the School's bank balance of \$233,857 was covered by Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding deposit and investment of funds by the School.

Note 4 – Risk Management

The School is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2015, the School was named on the Sponsor's policy for property and general liability insurance.

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

Note 5 – Purchased Services

For the fiscal year ended June 30, 2015, purchased services expenses were all for professional and technical services.

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 6 – Service Contracts

A. Tri-Rivers Educational Computer Association

The School entered into an agreement on July 1, 2014, with MetaSolutions (formerly known as Tri-Rivers Educational Computer Association-TRECA) for planning, instructional, administrative and technical services required for the operation of the School. Under this contract, MetaSolutions is required to provide the following services:

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

For these services, the School is required to pay MetaSolutions in accordance with all pricing set forth in the service contract based on the individual students' needs. Services range from \$3,000 for a traditional student to \$23,000 for the most severely handicapped student.

The School agrees to the rates for the referenced service packages and/or products based on services which are further defined in the Service Package Exhibits and shall pay to MetaSolutions based upon use (i.e. the School will only pay for those packages utilized during the term of the Agreement and rates may be pro-rated accordingly if permitted).

The following payments were made in fiscal year 2015 from the School to MetaSolutions:

Professional and Technical Services \$ 17,353

Ridgedale Community School
(A Component Unit of Ridgedale Local School District)
Marion County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

B. Ridgedale Local School District

The Community School Sponsorship Contract between the School and Ridgedale Local School District (the "Sponsor") outlined the specific payments to be made by the School to Ridgedale Local School District during fiscal year 2015. In addition, the Community School Sponsorship Contract stated that the two parties agreed to pay other mutually agreed upon amounts, including fees for any services provided to the School by the sponsor. The School paid the Sponsor \$152,221 during fiscal year 2015 for professional and technical services.

Additionally, the contract allows, based on mutual agreement, for the payment of \$1,500 per student per year from the School to the Sponsor as a reimbursement for transportation and special education related services. This payment was \$40,890 in fiscal year 2015. The Sponsor did not charge the School a sponsor fee.

Note 7 - Contingencies

A. Grants

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

The School is not party to any claims or lawsuits that would, in the School's opinion, have a material effect of the basic financial statements.

C. Full Time Equivalency

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the School; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

February 26, 2016

To the Board of Directors
Ridgedale Community School
Marion County, Ohio
3103 Hillman Ford Road
Morral, OH 43337

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ridgedale Community School, Marion County, Ohio (the School), a component unit of Ridgedale Local School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 26, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Dublin, Ohio



Dave Yost • Auditor of State

RIDGEDALE COMMUNITY SCHOOL

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 24, 2016**