

RIDGEWOOD LOCAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002



**Auditor of State
Betty Montgomery**

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

Board of Education
Ridgewood Local School District
305 N. Center Street
West Lafayette, Ohio 43845

We have reviewed the Independent Auditor's Report of the Ridgewood Local School District, Coshocton County, prepared by Rea & Associates, Inc., for the audit period July 1, 2001 to June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 21, 2003

This Page is Intentionally Left Blank.

**RIDGEWOOD LOCAL SCHOOL DISTRICT
WEST LAFAYETTE, OHIO
JUNE 30, 2002**

TABLE OF CONTENTS

<u><i>TITLE</i></u>	<u><i>PAGE</i></u>
Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2-3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds.....	4-5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types and Expendable Trust Funds (Non-GAAP Budgetary Basis)	6-9
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types	10
Combined Statement of Cash Flows - All Proprietary Fund Types	11
Notes to the General Purpose Financial Statements.....	12-37
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	38
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	39-40
Schedule of Expenditures of Federal Awards – Non-GAAP Budgetary Awards.....	41
Schedule of Findings and Questioned Costs	42

This Page is Intentionally Left Blank.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 12, 2002

The Board of Education
Ridgewood Local School District
West Lafayette, Ohio 43845

Independent Auditor's Report

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Ridgewood Local School District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2002 on our consideration of Ridgewood Local School District internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rea & Associates, Inc.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,383,165	\$ 309,839	\$ 145,686	\$ 5,407,719
Cash and Cash Equivalents:				
Cash and Cash Equivalents - Restricted	42,320	0	0	0
Investments				
In Segregated Accounts	0	0	0	100,000
Receivables:				
Taxes	2,000,809	0	381,987	42,478
Accounts	1,854	0	0	0
Interfund	66,857	0	0	0
Intergovernmental Receivable	1,955	30,832	0	282,968
Prepaid Items	142,383	6,186	0	0
Inventory	4,451	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
Total Assets	4,643,794	346,857	527,673	5,833,165
Other Debits				
Amount Available In Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of Long Term Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Other Debits	0	0	0	0
Total Assets and Other Debits	\$ 4,643,794	\$ 346,857	\$ 527,673	\$ 5,833,165
Liabilities, Fund Equity, and Other Credits				
Liabilities				
Accounts Payable	\$ 86,009	\$ 9,543	\$ 0	\$ 38,832
Contracts Payable	0	0	0	902,720
Accrued Wages and Benefits	806,886	60,191	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	0	0	28,000
Intergovernmental Payable	175,280	14,889	0	0
Deferred Revenue	1,937,526	1,440	369,905	296,102
Undistributed Monies	0	0	0	0
Claims Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	3,005,701	86,063	369,905	1,265,654
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	467,231	44,736	0	3,487,855
Reserved for Inventory	4,451	0	0	0
Reserved for Prepaid Items	142,383	6,186	0	0
Reserved for Tax Revenue Unavailable for Appropriations	63,283	0	12,082	1,344
Reserved for BWC Refunds	42,320	0	0	0
Unreserved:				
Undesignated	918,425	209,872	145,686	1,078,312
Total Fund Equity, and Other Credits	1,638,093	260,794	157,768	4,567,511
Total Liabilities, Fund Equity, and Other Credits	\$ 4,643,794	\$ 346,857	\$ 527,673	\$ 5,833,165

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types					Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations			(Memorandum Only)
\$ 82,945	\$ 169,047	\$ 38,855	\$ 0	\$ 0			\$ 8,537,256
0	0	0	0	0			42,320
0	0	0	0	0			100,000
0	0	0	0	0			2,425,274
0	74,104	0	0	0			75,958
0	0	0	0	0			66,857
14,087	0	0	0	0			329,842
9,644	34,173	0	0	0			192,386
8,135	0	0	0	0			12,586
22,166	0	0	23,876,099	0			23,898,265
136,977	277,324	38,855	23,876,099	0			35,680,744
0	0	0	0	145,686			145,686
0	0	0	0	3,910,371			3,910,371
0	0	0	0	628,029			628,029
0	0	0	0	4,684,086			4,684,086
\$ 136,977	\$ 277,324	\$ 38,855	\$ 23,876,099	\$ 4,684,086			\$ 40,364,830
\$ 6,194	\$ 0	\$ 2,013	\$ 0	\$ 0			\$ 142,591
0	0	0	0	0			902,720
39,895	0	0	0	0			906,972
15,647	0	0	0	516,272			531,919
38,857	0	0	0	0			66,857
12,033	0	0	0	99,979			302,181
4,965	0	0	0	0			2,609,938
0	0	36,256	0	0			36,256
0	194,700	0	0	0			194,700
0	0	0	0	11,778			11,778
0	0	0	0	101,057			101,057
0	0	0	0	3,955,000			3,955,000
117,591	194,700	38,269	0	4,684,086			9,761,969
0	0	0	23,876,099	0			23,876,099
17,917	0	0	0	0			17,917
1,469	82,624	0	0	0			84,093
0	0	0	0	0			3,999,822
0	0	0	0	0			4,451
0	0	0	0	0			148,569
0	0	0	0	0			76,709
0	0	0	0	0			42,320
0	0	586	0	0			2,352,881
19,386	82,624	586	23,876,099	0			30,602,861
\$ 136,977	\$ 277,324	\$ 38,855	\$ 23,876,099	\$ 4,684,086			\$ 40,364,830

RIDGEWOOD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances*

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 2002

	Governmental Fund Type			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues</u>				
Taxes	\$ 2,178,428	\$ 44,502	\$ 404,783	\$ 432
Intergovernmental	6,426,749	601,847	58,037	5,056,530
Investment Income	69,650	0	0	293,758
Tuition and Fees	19,199	3,311	0	0
Extracurricular Activities	0	170,671	0	0
Miscellaneous	9,690	59,342	0	84,414
Total Revenues	8,703,716	879,673	462,820	5,435,134
<u>Expenditures</u>				
Current:				
Instruction				
Regular	4,283,761	155,633	0	27,524
Special	940,697	293,568	0	0
Vocational	324,252	0	0	0
Other	7,369	0	0	0
Support Services:				
Pupils	264,523	14,191	0	0
Instructional Staff	240,356	128,779	0	0
Board of Education	19,258	0	0	0
Administration	680,842	39,835	0	0
Fiscal	242,600	1,183	8,051	31
Operation and Maintenance of Plant	895,084	1,447	0	0
Pupil Transportation	710,915	1,249	0	0
Extracurricular Activities	164,195	200,879	0	0
Capital Outlay	17,189	0	0	13,177,597
Debt Service:				
Principal Retirement	7,459	0	194,883	0
Interest and Fiscal Charges	545	0	238,172	0
Total Expenditures	8,799,045	836,764	441,106	13,205,152
Excess of Revenues Over (Under) Expenditures	(95,329)	42,909	21,714	(7,770,018)
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sales of Fixed Assets	8,335	0	0	0
Operating Transfers In	0	7,500	0	0
Operating Transfers Out	(72,500)	0	0	0
Total Other Financing Sources (Uses)	(64,165)	7,500	0	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(159,494)	50,409	21,714	(7,770,018)
Fund Balance at Beginning Of Year	1,794,917	210,385	136,054	12,337,529
Increase (Decrease) in Reserve for Inventory	2,670	0	0	0
Fund Balance at End of Year	\$ 1,638,093	\$ 260,794	\$ 157,768	\$ 4,567,511

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Type	Totals
Expendable Trust	(Memorandum Only)
\$ 0	\$ 2,628,145
0	12,143,163
0	363,408
0	22,510
0	170,671
0	153,446
0	15,481,343
0	4,466,918
0	1,234,265
0	324,252
0	7,369
0	278,714
0	369,135
0	19,258
0	720,677
0	251,865
0	896,531
0	712,164
0	365,074
0	13,194,786
0	202,342
0	238,717
0	23,282,067
0	(7,800,724)
0	8,335
0	7,500
0	(72,500)
0	(56,665)
0	(7,857,389)
586	14,479,471
0	2,670
\$ 586	\$ 6,624,752

RIDGEWOOD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual*

All Governmental Fund Types and Expendable Trust Funds

(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2002

GENERAL FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 2,089,923	\$ 2,174,340	\$ 84,417
Intergovernmental	6,366,140	6,421,795	55,655
Investment Income	68,500	69,650	1,150
Tuition and Fees	18,109	19,199	1,090
Extracurricular Activities	0	0	0
Rentals	20	20	0
Charges for Services	2,804	4,501	1,697
Miscellaneous	3,636	3,854	218
Total Revenues	8,549,132	8,693,359	144,227
<u>Expenditures</u>			
Current:			
Instruction	5,785,353	5,696,304	89,049
Support Services:			
Pupils	277,399	272,648	4,751
Instructional Staff	287,798	271,943	15,855
Board of Education	24,758	20,558	4,200
Administration	736,324	732,927	3,397
Fiscal	288,050	286,504	1,546
Operation and Maintenance of Plant	1,045,746	1,034,763	10,983
Pupil Transportation	745,119	737,261	7,858
Extracurricular Activities	193,158	192,165	993
Capital Outlay	21,000	21,000	0
Debt Service:			
Principal Retirement	7,459	7,459	0
Interest and Fiscal Charges	545	545	0
Total Expenditures	9,412,709	9,274,077	138,632
Excess of Revenues Over (Under) Expenditures	(863,577)	(580,718)	282,859
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	2,000	6,463	4,463
Refund of Prior Year Expenditures	22,674	22,674	0
Refund of Prior Year Receipts	0	0	0
Other Financing Sources	383	544	161
Advances In	68,070	90,965	22,895
Advances Out	(38,857)	(38,857)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(72,500)	(72,500)	0
Total Other Financing Sources (Uses)	(18,230)	9,289	27,519
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(881,807)	(571,429)	310,378
Fund Balance (Deficit) at Beginning of Year	2,080,370	2,080,370	0
Prior Year Encumbrances Appropriated	363,458	363,458	0
Fund Balance (Deficit) at End of Year	\$ 1,562,021	\$ 1,872,399	\$ 310,378

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUND

DEBT SERVICE FUND

	Revised Budget		Actual		Variance Favorable (Unfavorable)
\$	43,388	\$	44,502	\$	1,114
	598,101		572,455		(25,646)
	0		0		0
	1,107		3,311		2,204
	171,307		171,222		(85)
	0		0		0
	0		0		0
	59,342		59,342		0
	<u>873,245</u>		<u>850,832</u>		<u>(22,413)</u>

	Revised Budget		Actual		Variance Favorable (Unfavorable)
\$	396,413	\$	403,993	\$	7,580
	57,769		58,037		268
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	<u>454,182</u>		<u>462,030</u>		<u>7,848</u>

	531,496		439,668		91,828
	14,381		14,218		163
	153,511		125,822		27,689
	0		0		0
	43,596		38,522		5,074
	1,500		1,183		317
	14,947		16,267		(1,320)
	1,250		1,250		0
	249,531		228,980		20,551
	0		0		0
	0		0		0
	0		0		0
	<u>1,010,212</u>		<u>865,910</u>		<u>144,302</u>
	<u>(136,967)</u>		<u>(15,078)</u>		<u>121,889</u>

	0		0		0
	0		0		0
	0		0		0
	0		0		0
	9,115		8,051		1,064
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	194,883		194,883		0
	238,172		238,172		0
	<u>442,170</u>		<u>441,106</u>		<u>1,064</u>
	<u>12,012</u>		<u>20,924</u>		<u>8,912</u>

	0		0		0
	40		40		0
	(1,111)		(1,111)		0
	0		0		0
	0		0		0
	0		(16,570)		(16,570)
	7,500		7,500		0
	0		(1,500)		(1,500)
	<u>6,429</u>		<u>(11,641)</u>		<u>(18,070)</u>

	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	0		0		0
	<u>0</u>		<u>0</u>		<u>0</u>

	(130,538)		(26,719)		103,819
	243,379		243,379		0
	40,641		40,641		0
\$	<u>153,482</u>	\$	<u>257,301</u>	\$	<u>103,819</u>

	12,012		20,924		8,912
	124,762		124,762		0
	0		0		0
\$	<u>136,774</u>	\$	<u>145,686</u>	\$	<u>8,912</u>

(continued)

RIDGEWOOD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual*

All Governmental Fund Types and Expendable Trust Funds

(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2002

CAPITAL PROJECTS FUND

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 239	\$ 342	\$ 103
Intergovernmental	4,999,336	5,028,529	29,193
Investment Income	459,112	471,204	12,092
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Rentals	0	0	0
Charges for Services	0	0	0
Miscellaneous	84,419	84,419	0
Total Revenues	5,543,106	5,584,494	41,388
Expenditures			
Current:			
Instruction	74,547	27,524	47,023
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	50	31	19
Operation and Maintenance of Plant	50,000	0	50,000
Pupil Transportation	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	17,708,590	17,214,518	494,072
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	17,833,187	17,242,073	591,114
Excess of Revenues Over (Under) Expenditures	(12,290,081)	(11,657,579)	632,502
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	(5)	(5)	0
Other Financing Sources	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	(72,895)	(72,895)
Total Other Financing Sources (Uses)	(5)	(72,900)	(72,895)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(12,290,086)	(11,730,479)	559,607
Fund Balance (Deficit) at Beginning of Year	8,980,489	8,980,489	0
Prior Year Encumbrances Appropriated	3,877,304	3,877,304	0
Fund Balance (Deficit) at End of Year	\$ 567,707	\$ 1,127,314	\$ 559,607

The accompanying notes are an integral part of these financial statements.

EXPENDABLE TRUST FUNDS				TOTALS (MEMORANDUM ONLY)			
Revised Budget	Actual	Variance Favorable (Unfavorable)		Revised Budget	Actual	Variance Favorable (Unfavorable)	
\$ 0	\$ 0	\$ 0		\$ 2,529,963	\$ 2,623,177	\$ 93,214	
0	0	0		12,021,346	12,080,816	59,470	
0	0	0		527,612	540,854	13,242	
0	0	0		19,216	22,510	3,294	
0	0	0		171,307	171,222	(85)	
0	0	0		20	20	0	
0	0	0		2,804	4,501	1,697	
0	0	0		147,397	147,615	218	
0	0	0		15,419,665	15,590,715	171,050	
0	0	0		6,391,396	6,163,496	227,900	
0	0	0		291,780	286,866	4,914	
0	0	0		441,309	397,765	43,544	
0	0	0		24,758	20,558	4,200	
0	0	0		779,920	771,449	8,471	
0	0	0		298,715	295,769	2,946	
0	0	0		1,110,693	1,051,030	59,663	
0	0	0		746,369	738,511	7,858	
0	0	0		442,689	421,145	21,544	
0	0	0		17,729,590	17,235,518	494,072	
0	0	0		202,342	202,342	0	
0	0	0		238,717	238,717	0	
0	0	0		28,698,278	27,823,166	875,112	
0	0	0		(13,278,613)	(12,232,451)	1,046,162	
0	0	0		2,000	6,463	4,463	
0	0	0		22,714	22,714	0	
0	0	0		(1,116)	(1,116)	0	
0	0	0		383	544	161	
0	0	0		68,070	90,965	22,895	
0	0	0		(38,857)	(55,427)	(16,570)	
0	0	0		7,500	7,500	0	
0	0	0		(72,500)	(146,895)	(74,395)	
0	0	0		(11,806)	(75,252)	(63,446)	
0	0	0		(13,290,419)	(12,307,703)	982,716	
586	586	0		11,429,586	11,429,586	0	
0	0	0		4,281,403	4,281,403	0	
\$ 586	\$ 586	\$ 0		2,420,570	\$ 3,403,286	\$ 982,716	

RIDGEWOOD LOCAL SCHOOL DISTRICT

*Combined Statement of Revenues,
Expenses, and Changes in Fund Equity*
All Proprietary Fund Types

For the Year Ended June 30, 2002

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<u>Operating Revenues</u>			
Sales	\$ 304,513	\$ 0	\$ 304,513
Other Operating Revenues	0	1,662,277	1,662,277
<i>Total Operating Revenues</i>	304,513	1,662,277	1,966,790
<u>Operating Expenses</u>			
Salaries	173,337	0	173,337
Fringe Benefits	114,643	0	114,643
Purchased Services	19,955	251,715	271,670
Materials and Supplies	228,794	0	228,794
Depreciation	7,478	0	7,478
Claims	0	1,506,395	1,506,395
<i>Total Operating Expenses</i>	544,207	1,758,110	2,302,317
Operating Income (Loss)	(239,694)	(95,833)	(335,527)
<u>Non-Operating Revenues (Expenses)</u>			
Operating Grants	128,747	0	128,747
Donated Commodities Revenue	49,452	0	49,452
Interest	1,503	0	1,503
<i>Total Non-Operating Revenues (Expenses)</i>	179,702	0	179,702
Income (Loss) Before Operating Transfers	(59,992)	(95,833)	(155,825)
Operating Transfers In	65,000	0	65,000
Net Income (Loss)	5,008	(95,833)	(90,825)
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	(3,539)	178,457	174,918
Retained Earnings/Fund Balance (Deficit) at End of Year	1,469	82,624	84,093
Contributed Capital at Beginning of Year	17,917	0	17,917
Total Fund Equity at End of Year	\$ 19,386	\$ 82,624	\$ 102,010

The accompanying notes are an integral part of these financial statements.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Combined Statement of Cash Flows

All Proprietary Fund Types

For the Year Ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Cash Flows From Operating Activities</u>			
Cash Received from Customers	\$ 292,735	\$ 0	\$ 292,735
Transactions with Other Funds	0	1,588,173	1,588,173
Cash Paid for Goods and Services	(284,849)	(262,604)	(547,453)
Cash Paid to Employees	(164,206)	0	(164,206)
Cash Paid for Claims	0	(1,507,695)	(1,507,695)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(156,320)</u>	<u>(182,126)</u>	<u>(338,446)</u>
<u>Cash Flows From Investing Activities</u>			
Interest Income	1,503	0	1,503
<i>Net Cash Provided By (Used For) Capital Activities</i>	<u>1,503</u>	<u>0</u>	<u>1,503</u>
<u>Cash Flows From Non-Capital Financing Activities</u>			
Grants	128,747	0	128,747
Operating Transfers In	65,000	0	65,000
<i>Net Cash Provided By (Used For) Non-Capital Activities</i>	<u>193,747</u>	<u>0</u>	<u>193,747</u>
<u>Cash Flows From Capital and Related Financing Activities</u>			
Purchase of Property	(5,970)	0	(5,970)
<i>Net Cash Provided By (Used For) Capital Activities</i>	<u>(5,970)</u>	<u>0</u>	<u>(5,970)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,960	(182,126)	(149,166)
Cash and Cash Equivalents at Beginning of Year	49,985	351,173	401,158
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 82,945</u>	<u>\$ 169,047</u>	<u>\$ 251,992</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</u>			
Operating Income (Loss)	\$ (239,694)	\$ (95,833)	\$ (335,527)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>			
Depreciation	7,478	0	7,478
Donated Commodities Revenue	49,452	0	49,452
(Increase) Decrease in Assets			
Accounts Receivable	0	(74,104)	(74,104)
Prepaid Items	(6,009)	(10,889)	(16,898)
Due from Other Governments	(14,087)	0	(14,087)
Inventory	(2,309)	0	(2,309)
Increase (Decrease) in Liabilities			
Accounts Payable	6,194	0	6,194
Accrued Wages and Benefits	4,542	0	4,542
Compensated Absences	1,660	0	1,660
Inergovernmental Payable	(4,713)	0	(4,713)
Interfund Payable	38,857	0	38,857
Deferred Revenue	2,309	0	2,309
Claims Payable	0	(1,300)	(1,300)
<i>Total Adjustments</i>	<u>83,374</u>	<u>(86,293)</u>	<u>(2,919)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (156,320)</u>	<u>\$ (182,126)</u>	<u>\$ (338,446)</u>

The accompanying notes are an integral part of these financial statements.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Ridgewood Local School District (the District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 2001, was 1480. The District employs 113 certified and 82 non-certified employees.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Ridgewood Local School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' governing board and 1) the District is able to significantly influence the programs or services performed or provided by the organization; or 2) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

Management believes the financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) *MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION*

The accounts of the Ridgewood Local School District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Ridgewood Local School District has the following fund types and account groups:

GOVERNMENTAL FUND TYPES

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

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

Non-exchange transactions, in which the District received value without directly giving equal value in return, including property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 10.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures – Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects that are legally restricted to expenditure for specified purposes.

Debt Service Fund - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds.

PROPRIETARY FUND TYPES

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The fair value of donated commodities used during the period is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the board of education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with GASB pronouncements. Proprietary funds include the following fund types:

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

Internal Service Fund - used to account for the financing of goods or services provided by one department or agency to governmental units, on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary fund types account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Agency Fund - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

ACCOUNT GROUPS

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary or trust funds.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

General Long-term Obligations Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

(B) *CASH AND INVESTMENTS*

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2002, investments were limited to certificates of deposit, STAR Ohio and repurchase agreements.

Investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

Interest earned on investments is credited to the respective fund, except as stipulated by State statute or Board resolution. Interest income earned in fiscal year 2002 totaled \$364,911. Interest revenue was credited during fiscal year 2002 to the following funds: general; building and school facility construction capital projects funds; and food service enterprise fund. Interest assigned to the general fund from other funds amounted to \$14,934.

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, they have a maturity date no longer than three months.

(C) *RESTRICTED ASSETS*

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a reserve for the Bureau of Workers' Compensation refund. The BWC set-aside is reserved for the refunds from Bureau of Workers' Compensation. A fund balance reserve has also been established.

(D) *RECEIVABLES*

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

(E) *INVENTORIES AND SUPPLIES*

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

Reported inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

(F) *PREPAID EXPENSES*

The District uses the consumption method to account for prepaid expenses. Under the consumption method the prepaid items are recorded as an expenditure when used.

(G) *INTERFUND ASSETS/LIABILITIES*

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” and “interfund payables.” Long-term interfund loans are classified as “advances to/from other funds” and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. There are no long term interfund loans this fiscal year.

(H) *FIXED ASSETS AND DEPRECIATION*

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: buildings, 30 to 50 years; improvements, 30 to 50 years; equipment, including vehicles, 5 to 20 years.

(I) *INTERGOVERNMENTAL REVENUES*

For governmental funds, intergovernmental revenues such as entitlements and grants awarded on a non-reimbursement basis are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

The District currently participates in several State and Federal programs, categorized as follows:

ENTITLEMENTS

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

NON-REIMBURSABLE GRANTS

Special Revenue Funds

Dwight D. Eisenhower
Management Information Systems
Disadvantaged Pupil Impact Aid
Title I
Title VI
Summer Intervention
Entry Year Grant
Title VI-B
Drug Free Schools
Data Communications
School Net Professional Development
Ohio Reads
Safe School Helpline
Title VI-R
EHA Preschool

Capital Projects Funds

Technology Equity
Interactive Video Distance Learning

REIMBURSABLE GRANTS

General Fund

Driver Education

Capital Projects Funds

School Net

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to 78% of the District's governmental fund revenue during the 2002 fiscal year.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

(J) *LONG-TERM LIABILITIES*

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group.

(K) *UNPAID COMPENSATED ABSENCES*

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of the proprietary type funds is reflected as a liability in the respective funds. The portion of unpaid compensated absences related to governmental fund type operations is reflected in the general long-term obligation account group.

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

(L) *FUND EQUITY*

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

(M) *CONTRIBUTED CAPITAL*

Contributed capital represents resources from other funds, other governments and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end. There was no change in contributed capital during this fiscal year.

Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amounts of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

(N) *TOTAL COLUMNS*

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

(O) *ESTIMATES*

The preparation of the 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 could differ from those estimates.

(P) *FUND BALANCE RESERVES AND DESIGNATIONS*

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, prepaid expenses, and Bureau of Workers' Compensation refunds. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(A) *BUDGETARY PROCESS*

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Budgetary modifications, which change total fund appropriations, may only be made by resolution of the Board of Education. Budgetary statements are not presented for proprietary fund types.

(B) *BUDGETARY BASIS*

Tax Budget

A budget of estimated revenue and expenditures is submitted to the Coshocton County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" do not include July 1, 2002 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the Non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent-year expenditures.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the “Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types” is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP Basis) are that:

- 1.) Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
- 2.) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).
- 3.) The district repays debt from the debt service fund (budget non-GAAP basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)
Reconciliation of Budget Basis to GAAP Basis

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$ (571,429)	\$ (26,719)	\$ 20,924	\$ (11,730,479)	\$ 0
Revenue accruals	(101,952)	28,801	790	(149,361)	0
Expenditure accruals	(39,206)	(4,209)	0	(270,586)	0
Encumbrances	<u>553,093</u>	<u>52,536</u>	<u>0</u>	<u>4,380,408</u>	<u>0</u>
GAAP basis, as reported	<u>\$ (159,494)</u>	<u>\$ 50,409</u>	<u>\$ 21,714</u>	<u>\$ (7,770,018)</u>	<u>\$ 0</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

The Ridgewood Local School District maintains a cash and investment pool used by various funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as “Equity in Pooled Cash and Equivalents.”

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

(A) *LEGAL REQUIREMENTS*

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

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

Interim monies can 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 exceeds the principal value of the agreement by at least two percent and be marked to market daily with the term of the agreement not exceeding thirty days;
- 4) Bonds and other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

- 6) The State Treasurer's investment pool (STAR Ohio);
- 7) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days 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 rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

(B) *DEPOSITS*

At year-end, the carrying amount of the Ridgewood Local School District deposits was \$5,162,319 and the bank balance was \$5,532,447.

- (1) \$300,000 of the bank balance was covered by federal depository insurance.
- (2) \$5,232,447 was uninsured and uncollateralized. Although the State statutory requirements for the deposit of money had been followed, non-compliance with the federal requirements could potentially subject the District to a successful claim by the FDIC.

(C) *INVESTMENTS*

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name. The District's investments in STAROhio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

Statutory provisions require that all securities acquired by the District be held by the District treasurer or deposited with a qualified trustee. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counterpart is a designated depository of the District for the current period of designation of depositories, in which case the securities may be held in trust by the depository.

RIDGEWOOD LOCAL SCHOOL DISTRICT
Notes to the Financial Statements

JUNE 30, 2002

	Category 3	Fair Value
Repurchase Agreements	\$ 608,331	\$ 608,331
Investment in State Treasurer's Investment Pool		2,908,926
Total Investments		\$ 3,517,257

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 8,579,576	\$ 100,000
Certificates of Deposit with maturities greater than 90 days	100,000	(100,000)
Repurchase Agreements	(608,331)	608,331
STAROhio	(2,908,926)	2,908,926
GASB Statement No. 3	\$ 5,162,319	\$ 3,517,257

NOTE 6 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of principal items of intergovernmental receivables is as follows:

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

<u>Fund</u>	<u>Amount</u>
<i>General Fund</i>	\$ 1,955
 <i>Special Revenue</i>	
Title I	25,595
Title VI-B	1,440
Title VI-R	<u>3,797</u>
	30,832
 <i>Capital Projects</i>	
Classroom Facilities Grant	254,968
Building Improvement Fund	<u>28,000</u>
	282,968
 <i>Food Service</i>	
	<u>14,087</u>
	<u><u>\$ 329,842</u></u>

NOTE 7 - FIXED ASSETS AND ACCUMULATED DEPRECIATION

(A) **GENERAL FIXED ASSETS ACCOUNT GROUP**

The changes in general fixed assets during the year consisted of:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2002</u>
Land and Improvements	\$ 107,195	\$ 21,000	\$ 0	\$ 128,195
Buildings	4,474,551	0	(484,675)	3,989,876
Improvements other than Buildings	367,487	0	0	367,487
Furniture and Equipment	2,278,948	111,835	(306,887)	2,083,896
Vehicles	1,194,707	16,900	(2,500)	1,209,107
Construction in progress	<u>3,264,728</u>	<u>12,832,810</u>	<u>0</u>	<u>16,097,538</u>
	<u><u>\$ 11,687,616</u></u>	<u><u>\$ 12,982,545</u></u>	<u><u>\$ (794,062)</u></u>	<u><u>\$ 23,876,099</u></u>

RIDGEWOOD LOCAL SCHOOL DISTRICT
Notes to the Financial Statements

JUNE 30, 2002

(B) *PROPRIETARY FUND TYPE FIXED ASSETS*

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

Enterprise	Balance June 30, 2002
Equipment	\$ 185,479
Accumulated depreciation	<u>(163,313)</u>
Net fixed assets	<u>\$ 22,166</u>

NOTE 8 – GENERAL LONG TERM DEBT OBLIGATIONS

	Outstanding July 1, 2001	Additions	Reductions	Outstanding June 30, 2002
General Obligation Bonds:				
May 1999 Bond Issue				
5.85% due 12/1/2024	\$ 1,300,000	\$ 0	\$ 30,000	\$ 1,270,000
November 1999 Bond Issue				
5.85% due 12/1/2022	<u>2,759,000</u>	<u>0</u>	<u>74,000</u>	<u>2,685,000</u>
	4,059,000	0	104,000	3,955,000
Energy Conservation Loan				
at 6.1%	191,940	0	90,883	101,057
Capital lease payable	19,237	0	7,459	11,778
Accrued vacations	34,974	26,332	34,974	26,332
Accrued sick leave benefits	<u>466,110</u>	<u>23,830</u>	<u>0</u>	<u>489,940</u>
	501,084	50,162	34,974	516,272
Accrued SERS/STRS	<u>91,588</u>	<u>99,979</u>	<u>91,588</u>	<u>99,979</u>
	<u>\$ 4,862,849</u>	<u>\$ 150,141</u>	<u>\$ 328,904</u>	<u>\$ 4,684,086</u>

The Ridgewood Local School District is obligated under two equipment leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Asset Account Groups and the General Long-Term Debt Obligation Account Groups, respectively. The assets under capital lease totaled \$53,339 at June 30, 2002. The leases are in effect through fiscal year 2004.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

The following is a schedule of future minimum lease payments under capital lease together with the net present value of the minimum lease payments as of June 30, 2002.

<u>June 30,</u>	<u>Year Ending</u> <u>Amount</u>
2003	\$ 7,577
2004	<u>5,052</u>
Total minimum lease payment	12,629
Less: Amount representing interest	<u>841</u>
Net present value of minimum lease payments	<u><u>\$ 11,778</u></u>

General obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the District.

The annual requirement to amortize all bond and note debt outstanding as of June 30, 2002 including interest payments of \$2,989,297 is as follows:

<u>Year Ending</u> <u>June 30</u>	<u>General</u> <u>Obligation Bonds</u>
2003	\$ 428,445
2004	322,682
2005	336,931
2006	330,682
2007	324,431
Thereafter	<u>5,302,183</u>
Total	<u><u>\$ 7,045,354</u></u>

The School District's overall legal debt margin was \$8,699,338 with an un-voted debt margin of \$4,643,281 at June 30, 2002.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

NOTE - 9 CONTRACTUAL COMMITMENTS

As of June 30, 2002, the District had contractual commitments for the following:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 6/30/2002</u>
S.A. Comunale Co., Inc. - Fire Protection			
High School	\$ 167,101	\$ 161,488	\$ 5,613
WL Elementary	89,240	75,136	14,104
Roger Touvell Heating & Air Conditioning			
Plumbing - Middle School	56,289	50,226	6,063
Freeman Construction Co.			
High School auditorium	5,208,664	4,532,505	676,159
High School roof	685,313	673,111	12,202
Middle School	528,864	262,117	266,747
Valley Mining			
Ridgewood High School	686,640	644,521	42,119
Peterman Plg & Heating, Inc			
Ridgewood High School Plumbing	473,113	438,716	34,397
Baird Concrete			
Elementary School	18,308	18,179	129
Final Floor Company			
Ridgewood High School	109,629	1,035	108,594
Johnson Plumbing			
Ridgewood High School HVAC	1,704,240	1,608,825	95,415
Elementary School HVAC	1,037,499	908,922	128,577
Elementary School Plumbing	121,455	99,850	21,605
Hilscher-Clark Electric			
Ridgewood High School	1,272,280	1,014,812	257,468
Helbling Supply			
Ridgewood High School	153,711	0	153,711
Shelly Company			
Ridgewood High School	254,700	0	254,700
Elementary School	81,664	50,393	31,271
ACD Information Technology			
Ridgewood High School	126,194	113,958	12,236
Wood Electric			
Elementary School	552,158	457,722	94,436
Middle School	474,025	405,082	68,943
Esquire Data Corp			
Elementary School	12,517	3,554	8,963
Middle School	4,101	4,024	77
Capital Fire Protection			
Middle School	136,905	105,773	31,132
Raeder Construction			
Elementary School	1,825,607	1,065,641	759,966
MKC Associates			
OSFC Project	1,118,141	1,012,460	105,681
Standard Plumbing and Heating			
Middle School HVAC	<u>1,340,034</u>	<u>1,177,230</u>	<u>162,804</u>
Totals	<u>\$ 18,238,392</u>	<u>\$ 14,885,280</u>	<u>\$ 3,353,112</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

NOTE 10 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Coshocton, Guernsey, and Tuscarawas County Auditors are responsible for assessing and remitting these property taxes to the District.

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Auditors reappraise real property every six years with a triennial update. The last update for Coshocton and Guernsey Counties was completed in 1997 and Tuscarawas County was completed in 1998. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Coshocton, Guernsey, and Tuscarawas County, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 2001 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$43.00 per \$1,000 of valuation in each county. The effective rate applied after adjustment for inflationary increases in property values was \$26.61 per \$1,000 of assessed valuation for residential and agricultural real property and the effective rate applied after adjustment for inflationary increases in property values was \$26.48 per \$1,000 of assessed valuation for other real property in each county.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2001 was \$43.00 per \$1,000 of valuation.

The property valuation in each county consisted of:

	<u>Coshocton County</u>	<u>Guernsey County</u>	<u>Tuscarawas County</u>
Real Property			
Valuation Year - 2001			
Residential/Agricultural	\$ 70,412,540	\$ 1,375,902	\$ 1,353,810
Commercial/Industrial	10,807,690	316,830	0
Public Utilities	326,000	0	0
Minerals	682,000	33,180	8,130
Tangible Personal Property			
Valuation Year - 2002			
General	4,116,526	22,120	7,100
Public Utilities	<u>6,627,470</u>	<u>388,340</u>	<u>181,670</u>
Total Valuation	<u>\$ 92,972,226</u>	<u>\$ 2,136,372</u>	<u>\$ 1,550,710</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amounts available to the District as advances at June 30, 2002, were as follows:

County	Advance Amount
Coshocton County	\$ 54,882
Gurnsey County	20,751
Tuscarawas County	<u>1,076</u>
Total Advances	<u>\$ 76,709</u>

NOTE 11 - PENSION PLANS

(A) **SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)**

The Ridgewood Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement defined benefit pension plan. SERS provides retirement, annual cost-of-living adjustments, disability, survivor and health care benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad St., Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and Ridgewood Local School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Ridgewood Local School District are established by and may be amended by the SERS Board of Trustees. The District's contributions to SERS for the years ending June 30, 2002, 2001, and 2000 were \$197,424, \$187,536, and \$172,350, respectively; 48.55 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The amount representing the unpaid contribution for fiscal year 2002, \$101,568 is recorded as a liability within the respective funds and the general long-term obligations account group.

(B) **STATE TEACHERS RETIREMENT SYSTEM (STRS)**

The Ridgewood Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement defined benefit pension plan operated by the State of Ohio. STRS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes general purpose financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

Plan members are required to contribute 9.3% of their annual covered salary and Ridgewood Local School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Ridgewood Local School District are established by and may be amended by the STRS Board of Trustees. The District's contributions to STRS for the years ending June 30, 2002, 2001, and 2000 were \$607,704, \$600,672, and, \$568,716, respectively; 83.57 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The amount representing the unpaid contribution for fiscal year 2002, \$99,816 is recorded as a liability within the respective funds.

NOTE 12 - POSTEMPLOYMENT BENEFITS

(A) SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide post retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients.

Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At June 30, 2001, the allocation rate was 9.80%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001, the minimum pay has been established as \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 (latest information available) were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001 (latest information available), the Retirement System's net assets available for payment of health care benefits was \$315.7 million. The number of participants currently receiving health care benefits is approximately 50,000. The portion of employer contributions that was used to fund postemployment benefits was \$176,069.

(B) STATE TEACHERS RETIREMENT SYSTEM (STRS)

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipient and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll.

The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$3.256 million at June 30, 2001 (latest information available). For the year ended June 30, 2001 (latest information available), the net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

NOTE 13 - NON-CASH TRANSACTIONS

The District receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$49,452.

NOTE 14 - INTERFUND ACTIVITY

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 66,857	\$ 0
Capital Projects Fund	0	28,000
Enterprise Funds		
Uniform Supplies	<u>0</u>	<u>38,857</u>
	<u>\$ 66,857</u>	<u>\$ 66,857</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

NOTE 15 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service and uniform school supplies. Segment information related to these follows:

	<u>Food Services</u>	<u>Uniform Supplies</u>	<u>Total</u>
Operating revenues	<u>\$ 302,181</u>	<u>\$ 2,332</u>	<u>\$ 304,513</u>
Operating expenses			
Salaries and wages	173,337	0	173,337
Fringe benefits	114,643	0	114,643
Purchased services	19,955	0	19,955
Materials and supplies	218,993	9,801	228,794
Depreciation	<u>7,478</u>	<u>0</u>	<u>7,478</u>
Total operating expenses	<u>534,406</u>	<u>9,801</u>	<u>544,207</u>
Operating loss	(232,225)	(7,469)	(239,694)
Non-operating revenues, net	179,702	0	179,702
Net operating transfers	<u>65,000</u>	<u>0</u>	<u>65,000</u>
Net loss	<u>\$ 12,477</u>	<u>\$ (7,469)</u>	<u>\$ 5,008</u>
Other information			
Net working capital	<u>\$ 5,462</u>	<u>\$ (8,242)</u>	<u>\$ (2,780)</u>
Fixed assets, net	<u>\$ 22,166</u>	<u>\$ 0</u>	<u>\$ 22,166</u>
Total assets	<u>\$ 106,362</u>	<u>\$ 30,615</u>	<u>\$ 136,977</u>
Total equity	<u>\$ 27,628</u>	<u>\$ (8,242)</u>	<u>\$ 19,386</u>

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

The OME-RESA is a jointly governed organization comprised of 49 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports OME-RESA based upon a per pupil charge dependent upon the software package utilized. The OME-RESA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. OME-RESA is governed by a board of directors chosen from the general membership of the OME-RESA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Jefferson County Educational Service Center, which serves as fiscal agent, located at Steubenville, Ohio. During the year ended June 30, 2002, the District paid approximately \$32,717 to OME-RESA for basic service charges.

NOTE 17 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy, with Nationwide Insurance Company in the amount of \$11,000,000. The deductible is \$500 per incident on property and \$500 per incident on equipment. All vehicles are also insured with Nationwide Insurance Company and have a \$250 deductible. All board members, administrators, and employees are covered under school district liability policies with The Ohio School Plan. The limits of this coverage are \$2,000,000 per occurrence and \$4,000,000 per aggregate. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The board president and superintendent have a \$20,000 position bond with Nationwide Insurance Company. The treasurer is covered under a surety bond in the amount of \$50,000. This bond is provided by the Nationwide Insurance Company.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System. This rate is calculated based on accident history and administrative costs. The group presently consists of 366 school districts.

The District is self-insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$35,000. The liability for unpaid claims cost of \$194,700 is reported in the fund at June 30, 2002 in accordance with Government Accounting Standards Board Statement No. 10.

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

Changes in the fund's claim liability for 2001 and 2002 are listed below.

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2001	\$ 188,900	\$ 1,022,473	\$ 1,015,373	\$ 196,000
2002	\$ 196,000	\$ 1,506,395	\$ 1,507,695	\$ 194,700

NOTE 18 - CONTINGENCIES

(A) *GRANTS*

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2002.

(B) *LITIGATION*

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

RIDGEWOOD LOCAL SCHOOL DISTRICT

Notes to the Financial Statements

JUNE 30, 2002

NOTE 19 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Acquisition</u>	<u>BWC Reserve</u>	<u>Total</u>
Set aside cash balances as of June 30, 2001	\$ 0	\$ 0	\$ 42,320	\$ 42,320
Current year set aside requirement	175,989	175,989	0	351,978
Current year offsets	0	(4,073,536)	0	(4,073,536)
Current year qualifying disbursements	(242,585)	(138,012)	0	(380,597)
Prior year excess qualifying disbursements	<u>(76,383)</u>	<u>0</u>	<u>0</u>	<u>(76,383)</u>
Total	<u>\$ (142,979)</u>	<u>\$ (4,035,559)</u>	<u>\$ 42,320</u>	<u>\$ (4,136,218)</u>
Amount available for carryforward to FY 2003	<u>\$ (142,979)</u>	<u>\$ (4,020,149)</u>	<u>\$ 0</u>	<u>\$ (4,163,128)</u>
Cash balance carried forward to FY 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,320</u>	
Summary of Restricted Assets				
Reserve for BWC Refunds			<u>\$ 42,320</u>	

Effective April 10, 2001, the Ohio legislature passed Am. Sub. Senate Bill 345, which addressed H.B. 412 set-aside requirements. The requirement for establishment of a budget reserve set-aside has been deleted from the law. A district may still establish a reserve, if it so chooses; however, the requirement is no longer mandatory. Monies in the budget reserve set-aside as of April 10, 2001 are classified in two categories: (1) Bureau of Workers' Compensation (BWC) refunds and (2) the balance of the reserve which does not represent BWC refunds. The statute includes specific purposes for which the monies representing BWC refunds can be used. The monies which do not represent BWC refunds may be left in the budget reserve set-aside, transferred to the Classroom Facilities Fund, or returned to the General fund and used at the discretion of the of the District's Board of Education. The District has elected to maintain the budget reserve until a future determination on the use of the funds can be made. The amount of the former budget stabilization reserve identified as Bureau of Workers' Compensation refunds is now classified as Reserve for BWC Refunds and the remaining balance has been returned to unreserved, undesignated general fund.

The District had qualifying disbursements in the textbook set-aside and debt related offsets in the capital acquisition set-aside during the year that reduced the set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future years.

RIDGEWOOD LOCAL SCHOOL DISTRICT
Notes to the Financial Statements

JUNE 30, 2002

NOTE 20 - STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked to Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

As of the date of these financial statements, the School District is currently unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 21 - SUBSEQUENT EVENTS

In October, 2002, the District entered into a lease-purchase agreement with Rickenbacker Port Authority in the amount of \$300,000 to finance the construction of the new central office building. The debt is payable in semi-annual installments over the next twenty five years.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 12, 2002

The Board of Education
Ridgewood Local School District
West Lafayette, Ohio 43845

**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

We have audited the general purpose financial statements of Ridgewood Local School District as of and for the year ended June 30, 2002, and have issued our report thereon dated December 12, 2002. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ridgewood Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 12, 2002.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Ridgewood Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 12, 2002

The Board of Education
Ridgewood Local School District
West Lafayette, Ohio 43845

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

Compliance

We have audited the compliance of Ridgewood Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Ridgewood Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ridgewood Local School District's management. Our responsibility is to express an opinion on Ridgewood Local School District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the general purpose financial statements of Ridgewood Local School District as of and for the year ended June 30, 2002, and have issued our report thereon dated December 12, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of Ridgewood Local School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

Rea & Associates, Inc.

RIDGEWOOD LOCAL SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
US Department of Agriculture (Passed Through Ohio Department of Education): Nutrition Cluster:					
Food Distribution Program - Non-Cash	10.550	N/A	\$ 49,542	\$ 0	\$ 47,233
National School Lunch Program	10.555	N/A	108,914	108,914	0
Total Department of Agriculture - Nutrition Cluster			158,456	108,914	47,233
US Department of Education (Passed Through Ohio Department of Education):					
Title I	84.010	046474-C1-S1-00	0	4,699	0
		046474-C1-S1-01	0	42,064	0
		046474-C1-S1-02	246,802	222,843	0
Total Title I			246,802	269,606	0
Chapter II	84.298	046474-C2-S1-00	0	127	0
		046474-C2-S1-01	1,330	4,924	0
		046474-C2-S1-01	7,383	6,764	0
Total Chapter II			8,713	11,815	0
Special Education Cluster:					
Title VI-B	84.027	6B-SF-00P	0	3,472	0
		6B-SF-01P	14,430	16,658	0
		6B-SF-02P	134,386	114,244	0
Total Title VI-B			148,816	134,374	0
Preschool Incentive	84.173	046474-PG-S1-01P	0	79	0
Preschool Incentive	84.173	046474-PG-S1-02P	11,240	11,240	0
Total Preschool Incentives			11,240	11,319	0
Total Special Education Cluster			160,056	145,693	0
Entry Year Grant	84.276	046474-G2S3-01	4,369	0	0
Title IV	84.168	046474-DRS1-02	5,690	5,690	0
Eisenhower Math & Science	84.281	046474-MS-S1-01	0	47	0
		046474-MS-S1-02	10,591	6,728	0
Total Eisenhower Math & Science			10,591	6,775	0
Title VI-R	84.340	046474-CR-S1-01	4,350	21,396	0
		046474-CR-S1-02	57,914	51,041	0
Total Title VI-R			62,264	72,437	0
Total Department of Education			498,485	512,016	0
Total Federal Assistance			\$ 656,941	\$ 620,930	\$ 47,233

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

Note B - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Moneys are commingled with State grants. It is assumed federal moneys are expended first. At June 30, 2002, the District had no significant food commodities inventory.

RIDGEWOOD LOCAL SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1, CFDA #84.010 Special Education Cluster, CFDA #84.027 & #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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

RIDGEWOOD LOCAL SCHOOL DISTRICT

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2003**