

Ridgemont Local School District
Hardin County, Ohio

Regular Audit

July 1, 2007 through June 30, 2008
Fiscal Year Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

Board of Education
Ridgemont Local School District
330 West Taylor Street
Mt. Victory, Ohio 43340

We have reviewed the *Independent Auditor's Report* of the Ridgemont Local School District, Hardin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 9, 2010

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Ridgmont Local School District
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Independent Auditor's Report

Members of the Board
Ridgemont Local School District
330 West Taylor Street
Mt. Victory, OH 43340

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ridgemont Local School District (the School District), Hardin County, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

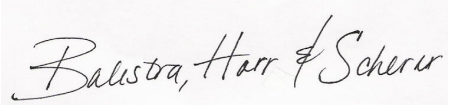
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the general fund and the food service fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Ridgemont Local School District
Independent Auditor's Report
Page 2

As described in Note 19 to the basic financial statements, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB statements No. 25 and No. 27*, GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
December 31, 2009

Ridgemon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Unaudited

The discussion and analysis of Ridgemon Local School District's (the "District") financial performance provides an overall view of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- Net assets of governmental activities decreased \$194,157 while net assets of business-type activities decreased \$8,958.
- General revenues accounted for \$4,447,178 in revenue or 82.9% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$918,206 or 17.1% of total revenues of \$5,365,384.
- The District had \$5,559,541 in expenses related to government activities; only \$918,206 of these expenses was offset by program specific charges for services, grants and contributions. Program revenues were not adequate to provide for these programs.
- The District had \$316,232 in expenses related to business-type activities. Program revenues of \$269,274 were not adequate to provide for these services.
- Capital outlay additions of \$75,056 consisted of vehicles, furniture, and equipment.

Using this Annual Financial Report

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In case of the District, the general fund and the Bond Retirement are the only major funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Ridgmont Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Unaudited

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

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service and uniform school supplies are reported as business activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Bond Retirement fund.

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2008:

Ridgmont Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Unaudited

Table 1				
Net Assets				
	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
Assets				
Current Assets	\$ 2,830,896	\$ 2,889,408	\$ 5,527	\$ 8,986
Capital Assets	2,159,959	2,344,305	12,674	18,156
Total Assets	4,990,855	5,233,713	18,201	27,142
Liabilities				
Current Liabilities	1,523,283	1,473,379	31,530	31,698
Long-Term Liabilities	1,200,140	1,298,745	3,016	-
Total Liabilities	2,723,423	2,772,124	34,546	31,698
Net Assets				
Invested in Capital Assets, Net of Debt	1,720,537	1,824,310	12,674	18,156
Restricted	277,533	268,274		-
Unrestricted (Deficit)	269,362	369,005	(29,019)	(25,543)
Total Net Assets	\$ 2,267,432	\$ 2,461,589	\$ (16,345)	\$ (7,387)

Table 2 shows the changes in net assets for fiscal year 2008 compared to fiscal year 2007:

Ridgmont Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Unaudited

Table 2
Change in Net Assets

	Governmental Activities		Business Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Program Revenues:						
Charges for Services	\$ 513,524	\$ 578,054	\$ 155,447	\$ 161,171	\$ 668,971	\$ 739,225
Operating Grants and Contributions	404,682	305,186	113,827	106,752	518,509	411,938
General Revenues:						
Property Taxes	1,164,696	1,156,271	-	-	1,164,696	1,156,271
Income Taxes	521,184	491,457	-	-	521,184	491,457
Grants and Entitlements	2,711,562	2,526,279	-	-	2,711,562	2,526,279
Unrestricted Investment Earnings	70,951	95,679	-	-	70,951	95,679
Gain on Sale of Assets	420	-	-	-	420	-
Miscellaneous	16,365	88,687	-	-	16,365	88,687
Transfers	(38,000)	(7,500)	38,000	7,500	-	-
Total Revenues	5,365,384	5,234,113	307,274	275,423	5,672,658	5,509,536
Expenses						
Program Expenses:						
Instruction:						
Regular	2,395,049	2,320,240	-	-	2,395,049	2,320,240
Special	453,781	375,565	-	-	453,781	375,565
Vocational	159,550	143,995	-	-	159,550	143,995
Other	54,257	83,066	-	-	54,257	83,066
Support Services:						
Pupils	216,487	209,705	-	-	216,487	209,705
Instructional Staff	248,709	199,544	-	-	248,709	199,544
Board of Education	29,237	29,706	-	-	29,237	29,706
Administration	606,431	551,504	-	-	606,431	551,504
Fiscal	208,214	213,049	-	-	208,214	213,049
Operation of Maintenance of Plant	453,711	454,037	-	-	453,711	454,037
Pupil Transportation	408,116	397,869	-	-	408,116	397,869
Central	35,808	22,783	-	-	35,808	22,783
Operation of Non-Instructional Services	626	-	- #	-	626	-
Extracurricular Activities	181,186	173,497	-	-	181,186	173,497
Facilities Acquisition Construction	21,494	-	-	-	21,494	-
Other	-	-	-	-	-	-
Interest and Fiscal Charges	86,885	99,652	-	-	86,885	99,652
Food Service	-	-	308,116	287,735	308,116	287,735
Uniform School Supplies	-	-	8,116	6,890	8,116	6,890
Total Expenses	5,559,541	5,274,212	316,232	294,625	5,875,773	5,568,837
Decrease in Net Assets	\$ (194,157)	\$ (40,099)	\$ (8,958)	\$ (19,202)	\$ (203,115)	\$ (59,301)

Ridgmont Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Unaudited

Governmental Activities

Net assets of the District's governmental activities decreased by \$194,157. Program revenue of \$966,749 and general revenues of \$4,359,582 offset total governmental expenses of \$5,559,541. Program revenues supported 17.4% of the total governmental expenses.

Several revenue sources fund the District's governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated \$1,164,696 in fiscal year 2008. General revenues from grants and entitlements, such as the school foundation program, generated approximately \$2,711,562. These two revenue sources represent 72% of total governmental revenue.

Real estate property is reappraised every six years. Hardin County had its triennial update in calendar year 2006. Although historical growth has had a positive effect on the District's tax base, the full tax revenue impact has not been realized due to H.B. 920. This state law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property values. Increases in valuation prompt corresponding annual reductions in the "effective millage", the tax rates applied to real property. Thus, although the District tax valuation continues to grow, this built-in revenue limitation requires the District to request additional school operating revenue by placing a levy on the ballot every three to five years, on average.

The DeRolph III court case decisions have not eliminated the local dependence on property taxes. This factor continues to be a situation the District has to deal with in providing funding for the program offering of the District.

Instruction costs of \$3,062,637 comprise 55.1% of governmental program expenses of \$5,559,541.

The statement of activities shows the cost of program services and the charges for services and grants attributable to those services.

Business-Type Activities

Business-type activities consist of the food service and uniform school supplies operations. These programs had revenue of \$260,649 and \$8,625 with expenses of \$308,116 and \$8,116, respectively.

The District's Funds

The District's major funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$5,435,384 and total expenditures were \$5,543,716. The District expenditures exceed the revenue by \$108,332. This fact is a major challenge for the District.

The District's general fund balance decreased by \$123,121. The decrease in fund balance can be attributed primarily to transferring \$70,000 to other funds.

General Fund Budgeting Highlights

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

During fiscal year 2008, the District amended its general fund balance. Budget revisions are presented to the Board of Education for approval. This year amendments were considered routine.

For the general fund, the final budget basis revenue estimate was adjusted to the actual revenue of \$4,800,935.

The original expenditures estimate of \$4,745,609 was decreased to \$4,721,912. The actual expenditures were \$4,912,700.

Ridgmont Local School District
Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2008

Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the District had \$2,172,633 invested in land, buildings, equipment and vehicles. This is accounting for both Governmental Activities and Business-Type Activities assets. The table below shows a comparison of fiscal year 2008 to 2007.

	Capital Assets as of June 30, (Net of Depreciation)			
	Governmental Type Activities		Business Type Activities	
	2008	2007	2008	2007
Land	\$ 78,259	\$ 78,259	\$ -	\$ -
Land Improvements	285,168	320,021	-	-
Buildings and Improvements	1,575,364	1,634,810	-	-
Furniture and Equipment	166,262	193,298	12,674	18,156
School Buses and Vehicles	54,906	117,917	-	-
Total Capital Assets	\$ 2,159,959	\$ 2,344,305	\$ 12,674	\$ 18,156

Debt

As of June 30, 2008, the District has \$990,933 in bonds outstanding, \$185,000 due within one year. Table 4 summarizes bond and notes outstanding.

Table 4 Outstanding Debt, at Year End		
	Governmental Activities 2008	Governmental Activities 2007
School Improvement Refunding Bonds:		
Capital Appreciation Bonds	\$ 439,422	\$ 519,995
Accretion on Capital Appreciation Bonds	551,511	574,137
Total	\$ 990,933	\$ 1,094,132

For more information on the District's long-term liabilities, see Note 14 to the basic financial statements.

Other Issues

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

Due to the unsettled issues in Ohio public school funding, district management is required to plan carefully and prudently to provide the resources to meet student needs in the future.

Ridgemont Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Unaudited

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and show the District's accountability for the money it receives. If you have any questions about this report or need financial information contact, Fred Reinemeyer, Treasurer of Ridgemont Local School District, 330 W. Taylor Street, Mount Victory, Ohio 43340.

Ridgemoat Local School District
Statement of Net Assets
As of June 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,433,028	\$209	\$1,433,237
Receivables:			
Taxes	1,142,771	0	1,142,771
Accounts	1,236	0	1,236
Intergovernmental	3,690	9,215	12,905
Income Tax	164,174	0	164,174
Internal Balances	11,500	(11,500)	0
Prepaid Items	64,531	1,372	65,903
Inventory for Resale	0	6,231	6,231
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	9,966	0	9,966
Non-Depreciable Capital Assets	78,259	0	78,259
Depreciable Capital Assets, Net	2,081,700	12,674	2,094,374
<i>Total Assets</i>	<u>4,990,855</u>	<u>18,201</u>	<u>5,009,056</u>
Liabilities			
Accounts Payable	39,769	0	39,769
Accrued Wages and Benefits	360,248	19,741	379,989
Intergovernmental Payable	114,528	11,032	125,560
Deferred Revenue	999,660	757	1,000,417
Accrued Interest Payable	9,078	0	9,078
Long-Term Liabilities:			
Due Within One Year	238,540	2	238,542
Due In More Than One Year	961,600	3,014	964,614
<i>Total Liabilities</i>	<u>2,723,423</u>	<u>34,546</u>	<u>2,757,969</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,720,537	12,674	1,733,211
Restricted for:			
Debt Service	161,152	0	161,152
Other Purposes	116,381	0	116,381
Unrestricted (Deficit)	269,362	(29,019)	240,343
<i>Total Net Assets</i>	<u>\$2,267,432</u>	<u>(\$16,345)</u>	<u>\$2,251,087</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgmont Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	\$2,395,049	\$458,604	\$95,948	(\$1,840,497)	\$0	(\$1,840,497)
Special	453,781	54,920	194,366	(204,495)	0	(204,495)
Vocational	159,550	0	6,035	(153,515)	0	(153,515)
Other	54,257	0	0	(54,257)	0	(54,257)
Support Services:						
Pupils	216,487	0	0	(216,487)	0	(216,487)
Instructional Staff	248,709	0	81,449	(167,260)	0	(167,260)
Board of Education	29,237	0	0	(29,237)	0	(29,237)
Administration	606,431	0	13,324	(593,107)	0	(593,107)
Fiscal	208,214	0	0	(208,214)	0	(208,214)
Operation and Maintenance of Plant	453,711	0	0	(453,711)	0	(453,711)
Pupil Transportation	408,116	0	0	(408,116)	0	(408,116)
Central	35,808	0	0	(35,808)	0	(35,808)
Extracurricular Activities	181,186	0	13,560	(167,626)	0	(167,626)
Operation of Non-Instructional Services	626	0	0	(626)	0	(626)
Facilities and Acquisition and Construction Services	21,494	0	0	(21,494)	0	(21,494)
Interest and Fiscal Charges	86,885	0	0	(86,885)	0	(86,885)
<i>Total Governmental Activities</i>	<u>5,559,541</u>	<u>513,524</u>	<u>404,682</u>	<u>(4,641,335)</u>	<u>0</u>	<u>(4,641,335)</u>
Business-Type Activities						
Food Service	308,116	146,822	113,827	0	(47,467)	(47,467)
Uniform School Supplies	8,116	8,625	0	0	509	509
<i>Total Business-Type Activities</i>	<u>316,232</u>	<u>155,447</u>	<u>113,827</u>	<u>0</u>	<u>(46,958)</u>	<u>(46,958)</u>
<i>Total All Activities</i>	<u>\$5,875,773</u>	<u>\$668,971</u>	<u>\$518,509</u>	<u>(4,641,335)</u>	<u>(46,958)</u>	<u>(4,688,293)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes				988,113	0	988,113
Debt Service				176,583	0	176,583
Income Taxes				521,184	0	521,184
Grants and Entitlements not Restricted to :				2,711,562	0	2,711,562
Unrestricted Investment Earnings				70,951	0	70,951
Gain on the Sale of Assets				420	0	420
Miscellaneous				16,365	0	16,365
<i>Total General Revenues</i>				<u>4,485,178</u>	<u>0</u>	<u>4,485,178</u>
Transfers				(38,000)	38,000	0
Change in Net Assets				(194,157)	(8,958)	(203,115)
<i>Net Assets Beginning of Year</i>				<u>2,461,589</u>	<u>(7,387)</u>	<u>2,454,202</u>
<i>Net Assets End of Year</i>				<u>\$2,267,432</u>	<u>(\$16,345)</u>	<u>\$2,251,087</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgemon Local School District
Balance Sheet
Governmental Funds
As of June 30, 2008

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,213,496	\$164,953	\$54,579	\$1,433,028
Receivables:				
Taxes	970,264	172,507	0	1,142,771
Accounts	1,236	0	0	1,236
Intergovernmental	2,690	0	1,000	3,690
Income Taxes	164,174	0	0	164,174
Interfund Receivable	38,943	0	0	38,943
Prepaid Items	59,920	0	4,611	64,531
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	9,966	0	0	9,966
<i>Total Assets</i>	<u>2,460,689</u>	<u>337,460</u>	<u>60,190</u>	<u>2,858,339</u>
Liabilities				
Accounts Payable	39,769	0	0	39,769
Accrued Wages and Benefits	321,616	0	38,632	360,248
Intergovernmental Payable	104,093	0	10,435	114,528
Interfund Payable	0	0	27,443	27,443
Deferred Revenue	880,550	155,806	21,000	1,057,356
<i>Total Liabilities</i>	<u>1,346,028</u>	<u>155,806</u>	<u>97,510</u>	<u>1,599,344</u>
Fund Balances				
Reserved for Encumbrances	22,763	0	8,279	31,042
Reserved for Capital Maintenance	2,864	0	0	2,864
Reserved for Property Taxes	89,714	16,701	0	106,415
Reserved for Bus Purchase	7,102	0	0	7,102
Unreserved:				
Undesignated - Reported In:				
General Fund	992,218	0	0	992,218
Special Revenue Funds	0	0	(45,599)	(45,599)
Debt Service Funds	0	164,953	0	164,953
Total Fund Balances	<u>1,114,661</u>	<u>181,654</u>	<u>(37,320)</u>	<u>1,258,995</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,460,689</u>	<u>\$337,460</u>	<u>\$60,190</u>	<u>\$2,858,339</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgemont Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 As of June 30, 2008

Total Governmental Fund Balances \$1,258,995

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 2,159,959

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes 57,696

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(209,207)	
School Improvement Refunding Bonds	(439,422)	
Accretion on School Improvement Refunding Bonds	(551,511)	
Accrued Interest Payable	(9,078)	
Total	(1,209,218)	(1,209,218)

Net Assets of Governmental Activities \$2,267,432

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$988,113	\$176,583	\$0	\$1,164,696
Income Taxes	521,184	0	0	521,184
Intergovernmental	2,688,770	22,792	394,665	3,106,227
Investment Income	70,951	0	0	70,951
Tuition	455,996	0	0	455,996
Extracurricular Activities	0	0	64,937	64,937
Classroom Materials and Fees	2,608	0	0	2,608
Miscellaneous	11,255	0	5,110	16,365
<i>Total Revenues</i>	<u>4,738,877</u>	<u>199,375</u>	<u>464,712</u>	<u>5,402,964</u>
Expenditures				
Instruction:				
Regular	2,290,372	0	99,041	2,389,413
Special	233,152	0	220,373	453,525
Vocational	149,393	0	5,145	154,538
Other	2,916	0	0	2,916
Support Services:				
Pupils	193,071	0	21,385	214,456
Instructional Staff	218,721	0	29,986	248,707
Board of Education	28,828	0	0	28,828
Administration	563,607	0	36,848	600,455
Fiscal	197,670	5,574	0	203,244
Operation and Maintenance of Plant	446,512	0	0	446,512
Pupil Transportation	307,368	0	0	307,368
Central	35,808	0	0	35,808
Extracurricular Activities	108,910	0	68,374	177,284
Operation of Non-Instructional Services	126	0	500	626
Facilities Acquisition and Construction Services	15,964	0	4,072	20,036
Debt Service:				
Principal Retirement	0	80,573	0	80,573
Interest and Fiscal Charges	0	109,427	0	109,427
<i>Total Expenditures</i>	<u>4,792,418</u>	<u>195,574</u>	<u>485,724</u>	<u>5,473,716</u>
<i>Deficiency of Revenues Under Expenditures</i>	(53,541)	3,801	(21,012)	(70,752)
Other Financing Sources (Uses)				
Proceeds from the Sale of Assets	420	0	0	420
Transfers In	0	0	32,000	32,000
Transfers Out	(70,000)	0	0	(70,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(69,580)</u>	<u>0</u>	<u>32,000</u>	<u>(37,580)</u>
<i>Net Change in Fund Balances</i>	(123,121)	3,801	10,988	(108,332)
<i>Fund Balances at Beginning of Year</i>	<u>1,237,782</u>	<u>177,853</u>	<u>(48,308)</u>	<u>1,367,327</u>
<i>Fund Balances at End of Year</i>	<u>\$1,114,661</u>	<u>\$181,654</u>	<u>(\$37,320)</u>	<u>\$1,258,995</u>

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds (\$108,332)

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Asset Additions	75,056	
Current Year Depreciation	<u>(259,402)</u>	
Total		(184,346)

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of net assets.

Principal Payments	80,573
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Accretion of Capital Appreciation Bonds reduces Interest and Fiscal Charges in the Statement of Activities but not in the governmental funds. 109,427

In the statement of activities, interest is accrued on an outstanding note, whereas in governmental funds, an interest expenditure is reported when due (86,885)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures governmental funds.

Compensated Absences	(4,594)
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Net Change in Net Assets of Governmental Activities (\$194,157)

The notes to the basic financial statements are an integral part of this statement.

Ridgmont Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$932,639	\$975,417	\$975,417	\$0
Intergovernmental	2,710,363	2,686,080	2,686,080	0
Investment Income	90,000	70,951	70,951	0
Tuition	514,472	455,996	455,996	0
Classroom Materials and Fees	0	2,562	2,562	0
Income Taxes	485,635	519,375	519,375	0
Miscellaneous	23,500	11,531	11,531	0
<i>Total Revenues</i>	<u>4,756,609</u>	<u>4,721,912</u>	<u>4,721,912</u>	<u>0</u>
Expenditures				
Instruction:				
Regular	2,362,518	2,292,523	2,265,376	27,147
Special	255,260	233,480	230,860	2,620
Vocational	136,730	149,955	147,598	2,357
Other	3,000	3,000	2,916	84
Support Services:				
Pupils	186,932	182,332	179,612	2,720
Instructional Staff	234,125	220,335	217,725	2,610
Board of Education	31,557	37,412	35,710	1,702
Administration	563,285	570,710	561,384	9,326
Fiscal	197,405	201,555	198,247	3,308
Operation and Maintenance of Plant	460,270	489,866	480,835	9,031
Pupil Transportation	288,700	317,955	310,742	7,213
Central	129,818	111,227	107,442	3,785
Extracurricular Activities	26,500	37,230	36,677	553
Operation of Non-Instructional Services	2,200	1,000	126	874
Facilities Acquisition and Construction Services	10,200	16,400	15,965	435
<i>Total Expenditures</i>	<u>4,888,500</u>	<u>4,864,980</u>	<u>4,791,215</u>	<u>73,765</u>
<i>Deficiency of Revenues Under Expenditures</i>	(131,891)	(143,068)	(69,303)	73,765
Other Financing Sources (Uses)				
Proceeds from the Sale of Assets	400	420	420	0
Refunds of Prior Year Expenditures	400	406	406	0
Advances In	63,197	78,197	78,197	0
Advances Out	(35,000)	(51,500)	(51,485)	15
Transfers Out	(35,000)	(70,000)	(70,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(6,003)</u>	<u>(42,477)</u>	<u>(42,462)</u>	<u>15</u>
<i>Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(137,894)	(185,545)	(111,765)	73,780
<i>Fund Balance at Beginning of Year</i>	1,269,695	1,269,695	1,269,695	0
<i>Prior Year Encumbrances Appropriated</i>	<u>27,981</u>	<u>27,981</u>	<u>27,981</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,159,782</u></u>	<u><u>\$1,112,131</u></u>	<u><u>\$1,185,911</u></u>	<u><u>\$73,780</u></u>

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
Statement of Net Assets
Proprietary Funds
As of June 30, 2008

	Business-Type Activities
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$209
Intergovernmental Receivable	9,215
Prepaid Items	1,372
Inventory for Resale	6,231
Noncurrent Assets:	
Depreciable Capital Assets, Net	12,674
<i>Total Assets</i>	<i>29,701</i>
Liabilities	
Current Liabilities:	
Accrued Wages and Benefits	19,741
Intergovernmental Payable	11,032
Deferred Revenue	757
Interfund Payable	11,500
Compensated Absences Payable	3,016
<i>Total Liabilities</i>	<i>46,046</i>
Net Assets	
Invested in Capital Assets	12,674
Unrestricted (Deficit)	(29,019)
<i>Total Net Assets</i>	<i>(\$16,345)</i>

The notes to the basic financial statements are an integral part of this statement.

Ridgmont Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities
Operating Revenues	
Food Service	\$146,822
Classroom Fees	8,625
<i>Total Operating Revenues</i>	155,447
Operating Expenses	
Salaries	100,511
Fringe Benefits	33,674
Purchased Services	2,093
Materials and Supplies	17,081
Cost of Sales	157,391
Depreciation	5,482
<i>Total Operating Expenses</i>	316,232
<i>Operating Loss</i>	(160,785)
Nonoperating Revenues	
Federal Donated Commodities	30,717
Operating Grants	83,110
<i>Total Nonoperating Revenues</i>	113,827
<i>Loss Before Transfers</i>	(46,958)
Transfers In	38,000
<i>Changes in Net Assets</i>	(8,958)
<i>Net Assets at Beginning of Year</i>	(7,387)
<i>Net Assets at End of Year</i>	(\$16,345)

The notes to the basic financial statements are an intergral part of this statement.

Ridgemon Local School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Customers	\$155,447
Cash Payments to Suppliers for Goods and Services	(147,405)
Cash Payments to Employees for Services	(99,053)
Cash Payments for Employees for Benefits	(32,672)
<i>Net Cash Used for Operating Activities</i>	(123,683)
<i>Cash Flows from Noncapital Financing Activities:</i>	
Operating Grants	80,187
Short-Term Loans from Other Funds	11,500
Transfers In	38,000
Short-Term Loans to Other Funds	(6,750)
<i>Net Cash Provided by Noncapital Financing Activities</i>	122,937
<i>Net Decrease in Cash and Cash Equivalents</i>	(746)
<i>Cash and Cash Equivalents at Beginning of Year</i>	955
<i>Cash and Cash Equivalents at End of Year</i>	\$209
<i>Reconciliation of Operating Loss to Net Cash Used For Operating Activities</i>	
Operating Loss	(\$160,785)
Depreciation	5,482
Donated Commodities	30,717
<i>Changes in Assets and Liabilities:</i>	
Increase in Prepaid Items	(408)
Decrease in Inventory Held for Resale	1,294
Increase in Accrued Wages and Benefits	9,695
Increase in Compensated Absences Payable	185
Decrease in Intergovernmental Payable	(7,012)
Decrease in Deferred Revenue	(2,851)
Total Adjustments	37,102
<i>Net Cash Used for Operating Activities</i>	(\$123,683)

The notes to the basic financial statements are an integral part of this statement.

Ridgemont Local School District
Statement of Fiduciary Net Assets
Fiduciary funds
As of June 30, 2008

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$21,684</u>	<u>\$29,104</u>
<i>Total Assets</i>	<u><u>21,684</u></u>	<u><u>29,104</u></u>
Liabilities		
Due to Students	0	28,921
Undistributed Monies	<u>0</u>	<u>183</u>
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$29,104</u></u>
Net Assets		
Unrestricted:		
Unclaimed Monies	15,228	
Held in Trust for Scholarships and Needy Children	<u>6,456</u>	
<i>Total Net Assets</i>	<u><u>\$21,684</u></u>	

The notes to the basic financial statements are an integral part of this statement.

Ridgemoat Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust
	Scholarship
Additions	
Miscellaneous	\$2,770
<i>Total Additions</i>	<i>2,770</i>
Deductions	
Scholarships	4,661
<i>Total Deductions</i>	<i>4,661</i>
Change in Net Assets	(1,891)
Net Assets Beginning of Year	23,575
Net Assets End of Year	\$21,684

The notes to the basic financial statements are an integral part of this statement.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Ridgemont Local School District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under an elected Board of Education (5 members) elected at-large for staggered four year terms. The district provides educational services as authorized by state statute and/or federal guidelines. Average daily membership (ADM) as of October 1, 2007 was 627. The District employed 49 certificated employees and 31 non-certificated employees.

Reporting Entity

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

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

The District is associated with two jointly governed organizations, an insurance pool, and a related organization. These organizations are the Western Ohio Area Computer Organization (WOCO), Ohio Hi-Point Joint Vocational School District, the Hardin County School Employees' Health and Welfare benefit Plan and Trust, and the Ridgemont Public Library.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the District's accounting policies:

A. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at fiscal year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct n business segment or governmental function is self-financing or draws from the general revenues of the District.

FUND FINANCIAL STATEMENTS

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting Funds by type. Each major fund is presented in a single column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Bond Retirement Fund – The Bond Retirement is used to account for the accumulation of resources for the payment of general long –term debt principal and interest.

The other governmental funds of the District account for grants and other resources and capital projects of the district whose uses are restricted to a particular purpose.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

PROPRIETARY FUNDS

Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as enterprise. There are no internal service funds

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust, which accounts for a scholarship program for students and monies held for needy children, as well as, a fund for unclaimed checks. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Monies are due to students for activities they have participated in.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and others financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The private purpose trust is reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used of the 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 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.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

E. Budgetary Process

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

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire year, including amounts

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

F. Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During year 2008, investments were limited to a guaranteed investment contract, Federal Agency Securities, repurchase agreements, and STAR Ohio. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a maturity of one year or less at the time of purchase is reported at cost or amortized cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during year 2008. 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, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during year 2008 amounted to \$70,951, which includes \$12,559 assigned from other funds.

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

G. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in/first-out (FIFO) basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

H. Bond Discounts, Premiums, and Issuance Costs

When the proceeds from general obligation bonded debt are placed in a governmental type fund, any bond issuance costs are shown as capital outlay expenditures. Any premium or discount is included in "Other Financing Sources - Bond Proceeds" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The long-term debt that appears in the Government Wide Financial Statements would always be reported at the bond's face value.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the Food Service enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	15	
Buildings and Improvements	40	
Furniture and Equipment	10	10
Vehicles	10	

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees to a maximum of 50 days.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The entire compensated absence liability is reported on the government-wide financial statements.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they will be paid with current, expendable, available resources. In general, payments made within thirty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, textbook and maintenance set asides, a bus purchase, and property taxes in the governmental funds.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements.

O. Operating Revenues and Expense

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and uniform school supplies. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund.

P. Interfund Transactions

Transfers between governmental and business-type activities on the governmental-wide statements are reported in the same manner as general revenues.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

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

Q. 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 may differ from those estimates.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

- 1.Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2.Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3.Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund:

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

Net Change in Fund Balance	
	General
Budget Basis	\$ (111,765)
Adjustments:	
Revenue Accruals:	
Accrued FY2007, Received in Cash FY2008	258,220
Accrued FY2008, Not Yet Received in Cash	(241,255)
Expenditure Accruals:	
Accrued FY2007, Paid in Cash FY2008	366,804
Accrued FY2008, Not Yet Paid in Cash	(405,558)
Encumbrances	37,551
Other Financial Sources/Uses:	
Refunds	(406)
Advances (Net)	(26,712)
GAAP Basis	\$ (123,121)

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

Statutes require the classification of monies held by the District into three categories:

Active Deposits: those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) account, or in money market deposit accounts.

Inactive Deposits: those monies not required for use within the current two-year period of designation of depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Deposits: 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.

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

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

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principle 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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

National Mortgage Association and the 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 repurchased agreement must exceed the principal value of the agreements by at least two percent and be marked to market to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in (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 mentioned in § 135.03 of the Revised Code;
6. The State Treasurer's Investment pool;

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

Deposits with Financial Institutions

At fiscal year end June 30, 2008, the carrying amount of the District's deposits was \$(250,305) and the bank balance was \$67,154. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2008, \$67,154 was covered by the Federal Depository Insurance Corporation. At fiscal year end there was no exposure to custodial credit risk.

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

The District had no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secure.

Investments

Investments of the District as of June 30, 2008 were as follows:

	<u>Fair Value</u>	<u>Maturity</u>
STAROHIO	\$1,744,196	<1 year

Interest Rate Risk –the District has no policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute requires that an investment mature within five

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

years from date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity

Credit Risk – STAROHIO is an investment pool managed by the Treasurer of the State of Ohio. STAROHIO is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Act of 1940. STAR OHIO has obtained an AAA money market rating by Standard & Poor's. The District has no policy regarding credit risk.

Concentration of Credit Risk -- The District places no limit on the amount it may invest in any one issuer. The District invests solely in STAROHIO.

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have exposure to custodial credit risk for the investment in STAROHIO as defined by Statement No. 40. The District does not have a policy regarding custodial credit risk beyond the requirements of the Ohio Revised Code.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes for 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real for 2008 were levied after April 1, 2007, on the assessed values as of December 31, 2007, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 55 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the District due to phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Hardin County and Logan County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2008, are available to finance year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

finance year 2008 operations. For the governmental fund financial statements, 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 was recognized as revenue. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The amount available as an advance at June 30, 2008, was \$89,714 in the General Fund and \$16,701 in the Debt Service Bond Retirement Fund.

The assessed values upon which the year 2008 taxes were collected are:

Hardin County:	2008 First-Half Collections		2007 Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Public Utility	\$ 38,126,670	92.36%	\$ 37,394,080	90.73%
Tangible Personal Property	3,154,530	7.64%	3,821,780	9.26%
Total Assessed Value	\$ 41,281,200	100.00%	\$ 41,215,860	99.99%
Tax rate per \$1,000 of assessed valuation	<u>\$ 34.80</u>		<u>\$ 34.90</u>	

Logan County:	2008 First-Half Collections		2007 Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Public Utility	\$ 6,857,680	90.49%	\$ 5,837,430	88.06%
Tangible Personal Property	720,460	1.75%	791,220	1.92%
Total Assessed Value	\$ 7,578,140	92.24%	\$ 6,628,650	89.98%
Tax rate per \$1,000 of assessed valuation	<u>\$ 37.20</u>		<u>\$ 37.20</u>	

NOTE 6 - INTERFUND RECEIVABLE/INTERFUND PAYABLE

Interfund balances at June 30, 2008, consist of the following individual fund receivables and payables:

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

Fund	Receivable	Payable
General	\$ 38,943	\$ -
Non-Major Funds:		
West Central Ohio Tech Prep Grant	-	1,000
Title I	-	14,508
Title V	-	1,178
Drug Free Schools Grant	-	2,168
Title II-A	-	4,897
Rural Education Achievement	-	3,692
Business Type Activities:		
Food Service	-	11,500
Totals	<u>\$ 38,943</u>	<u>\$ 38,943</u>

The amounts due to the general fund are the result of the District moving unrestricted monies to support grant funds and the food service fund.

Interfund Transfers

Fund	Transfer In	Transfer Out
General	\$ -	\$ 70,000
Non-Major Governmental Funds		
EMIS/Emergency Management Information	32,000	-
Non-Major Business-Type Fund:		
Food Service	38,000	-
Totals	<u>\$ 70,000</u>	<u>\$ 70,000</u>

Transfers were made by the general fund to move unrestricted balances to support programs and projects accounted for in other funds.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008, consisted of taxes, interest, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

Receivables	Amount
<u>Governmental Type Activities:</u>	
Taxes:	
General Fund	\$ 1,134,438
Debt Service Major Fund	172,507
Total Taxes Receivable	1,306,945
Accounts:	
General Fund	1,236
Total Accounts Receivable	1,236
Intergovernmental:	
General Fund	2,690
Other Governmental Funds	1,000
Total Intergovernmental Receivables	3,690
Total Governmental Type Activities	1,311,871
<u>Business-Type Activities:</u>	
Intergovernmental	9,215
Total Business-Type Activities	9,215
Grand Total	\$ 1,321,086

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

	Balance 06/30/2007	Additions	Deductions	Balance 06/30/2008
Governmental Activities				
Land	\$ 78,259	\$ -	\$ -	\$ 78,259
Land Improvements	522,802	-	-	522,802
Buildings and Improvements	5,250,599	5,400	-	5,255,999
Furniture and Equipment	953,021	66,827	-	1,019,848
Books	282,187	2,829	-	285,016
School Buses and Vehicles	630,113	-	-	630,113
Totals at Historical Cost	<u>7,716,981</u>	<u>75,056</u>	<u>-</u>	<u>7,792,037</u>
Less Accumulated Depreciation:				
Land Improvements	202,781	34,853	-	237,634
Buildings and Improvements	3,615,789	64,846	-	3,680,635
Furniture and Equipment	759,723	96,126	-	855,849
Books	345,198	566	-	345,764
Vehicles	449,185	63,011	-	512,196
Total Accumulated Depreciation	<u>5,372,676</u>	<u>259,402</u>	<u>-</u>	<u>5,632,078</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 2,344,305</u>	<u>\$ (184,346)</u>	<u>\$ -</u>	<u>\$ 2,159,959</u>
Business-Type Activities				
Furniture and Equipment	106,729	-	-	106,729
Less Accumulated Depreciation	88,573	5,482	-	94,055
Business-Type Activities				
Capital Assets, Net	<u>\$ 18,156</u>	<u>\$ (5,482)</u>	<u>\$ -</u>	<u>\$ 12,674</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 46,588
Special Instruction	167
Vocational	12,683
Other Instruction	51,341
Support Service:	
Pupil	2,754
Instructional Staff	2,558
Board	409
Administration	2,584
Fiscal	4,586
Operation and Maintenance of Plant	11,627
Pupil Transportation	106,029
Extracurricular	11,218
Facilities Acquisition and Construction	<u>6,858</u>
Total Depreciation Expense	<u>\$ 259,402</u>

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

NOTE 9 - RISK MANAGEMENT

Employees Health Care:

The District is a member of the Hardin County School Employees' Health and Welfare Benefit Program. This organization is a public entity risk pool consisting of Ridgemont Local Schools, North Central Ohio Educational Service Center, the Sandusky Educational Service Center, and four other local school districts: Old fort, Bettsville, Hardin East and New Riegel. The organization was established pursuant to ORS 9.833 in order to act as a common risk management and insurance program to provide health care benefits. The organization's Board of Directors is comprised of one member from each of the local school districts and educational service centers. The Ohio Educational Service Center acts as fiscal agent for the organization.

Comprehensive:

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2008, the District maintained comprehensive insurance coverage with a private carrier for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully registered. The District has entered into contracts with various insurance agencies for the following amounts of coverage and deductibles:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability	\$3,000,000 \$1,000,000	General Aggregate Each Occurrence
Vehicle Policy	\$1,000,000 \$1,000,000 \$1,000,000	Bodily injury Property damage Uninsured Motorist
Building and Contents	\$13,300,700	\$1,000
Blanket Bond	\$10,000	Per Individual

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

OSBA Worker's Compensation Group Rating Program:

The District participates in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), and insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

RIDGEMONT LOCAL SCHOOL DISTRICT
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to State Employees Retirement System of Ohio (SERS), a cost sharing multiple employer defined benefit pension plan administered by the State Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to State Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

For the fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salary and the District was required to contribute an actuarially determined rate. The employer rate for period ending June 30, 2008 was 14 percent of annual covered payroll; 10.58 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contribution for pension obligations to SERS for the fiscal year June 30, 2008, 2007 and 2006 was \$72,211, \$78,785 and \$90,348; 44.18 percent has been contributed for fiscal year 2008 and 100.0 percent has been contributed for fiscal year 2007 and 2006. \$40,310 represents the unpaid contribution for fiscal year 2008. The balance outstanding is reflected as an intergovernmental payable.

B. State Teachers Retirement Systems

The District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of the DC Plan and the DB. In the Combined Plan, the member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5%

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – The member allocates Member contributions, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’ public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offer by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65 once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependent. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio Law health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years’ credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members’ beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contributions rate are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The District’s required contribution for pension obligations for the fiscal years 2008, 2007, and 2006 was \$314,031, \$307,113 and \$387,112; 84.19 percent has been contributed for fiscal year June 30, 2008 and 100.0 has been contributed for fiscal year 2007 and 2006. \$49,656 represents the unpaid

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

contribution for fiscal year 2008. The balance outstanding is reflected as an intergovernmental payable.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio 2008 Comprehensive Annual Financial Report will be available after December 26, 2007. Additional information or copies of STRS Ohio's 2008 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Board St., Columbus, Ohio 43215-3771, by calling toll-free (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the less of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007, the actuarially required allocation was .68%.

Health Care Plan

ORS 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORS provides the authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2008, the health care allocation was 3.42%. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation, was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The District contributions for the years ended June 30, 2008, 2007, and 2006 were \$39,126, \$23,298, and \$30,317.

B. State Teachers Retirement System

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current plan includes hospitalization, physicians' fees prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.) the State Teachers Retirement Board (the Board) has discretionary authority over how

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio Law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For fiscal year June 30, 2008, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Stabilization Fund was \$4.1 billion as of June 30, 2007. The District contributions for the years ended June 30, 2008, 2007, and 2006 were \$24,250, \$37,243, and \$44,858.

For the fiscal year ended June 30, 2007 (the latest information available) net health care costs paid by STRS Ohio were \$265,558,000. There were 122,934 eligible benefit recipients.

NOTE 12 – EMPLOYEE BENEFITS

A. Compensated Absences:

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

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

B. Health Care Benefits:

The District offered insurance benefits, including medical, dental, and life insurance to all employees through the Hardin County School Employees' Health and Welfare Benefit Plan and Trust. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with the employee depending on the terms of the union contract.

NOTE 13 - SET ASIDES

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amount not spent by the end of the year or offset by similarly restricted resources received during the year must be held in cash at year-end. In addition, the District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during year 2008:

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

	Textbook Reserve	Maintenance Reserve	Bus Purchased Reserve	Total
Balance 7/1/07 Restated*	\$ (229,474)	\$ -	\$ -	\$ (229,474)
Required Set-Aside	85,820	85,820	7,102	178,742
Qualifying Expenditures	(155,441)	(82,956)	-	(238,397)
Balance 6/30/08	<u>\$ (299,095)</u>	<u>\$ 2,864</u>	<u>\$ 7,102</u>	<u>\$ (289,129)</u>

*The beginning balances of the textbook and maintenance reserves were restated due to differences found in last fiscal year's qualifying expenditures.

NOTE 14 - LONG-TERM LIABILITIES

The changes in the District's long-term obligations during the year consist of the following:

	Principal Outstanding 06/30/07	Additions	Reductions	Principal Outstanding 06/30/08	Amounts Due In One Year
<u>Governmental Activities</u>					
Capital Appreciation Bonds 4.65% to 9.3404	\$ 519,995	\$ -	\$ 80,573	\$ 439,422	\$ 74,548
Accretion on Capital Appreciation Bonds	574,137	86,801	109,427	551,511	110,452
Compensated Absences	204,613	4,594	-	209,207	53,540
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,298,745</u>	<u>\$ 91,395</u>	<u>\$ 190,000</u>	<u>\$ 1,200,140</u>	<u>\$ 238,540</u>
<u>Business-Type Activities</u>					
Compensated Absences	2,831	185	-	3,016	2
Total Business-Type Activities Long-Term Liabilities	<u>\$ 2,831</u>	<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 3,016</u>	<u>\$ 2</u>

School Improvement Refunding Bonds

In July 1998, the District issued \$1,929,995 in School Improvement Bonds for the purpose of refunding general obligation bonds originally issued for the purpose of paying the costs of improving, constructing, reconstruction, renovating, remodeling, enlarging, furnishing, and equipping existing buildings and facilities for school purposes and improving sites for school purposes. Of this issuance, \$1,410,000 was serial bonds issued with interest rates ranging from 3.75% to 4.40% with a final maturity of December 1, 2006. The remaining \$519,995 was comprised of capital appreciation bonds with interest rates ranging from 4.65% to 9.3404% with annual maturities beginning on December 1, 2007 and ending on December 1, 2014. For fiscal year 2008, accretion on capital appreciation bonds amounted to \$86,801.

The annual requirements to amortize the School Building advance refunding bonds as of June 30, 2008, including interest are as follows:

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

Fiscal Year Ending June 30	Principal	Interest	Total
2009	\$ 74,548	\$ 110,452	\$ 185,000
2110	70,378	114,622	185,000
2011	66,310	118,690	185,000
2012	62,356	122,644	185,000
2013	58,523	126,477	185,000
2014	55,232	129,768	185,000
2015	52,075	132,924	184,999
Totals	<u>\$ 439,422</u>	<u>\$ 855,577</u>	<u>\$ 1,294,999</u>

Compensated absences and intergovernmental payables, representing the District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The District's voted legal debt margin was \$4,031,537 with an unvoted debt margin was \$47,864 at June 30, 2008.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Western Ohio Computer Organization (WOCO)

The District is a participant in Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of Public School Districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member School Districts. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member schools School Districts within each county. Financial information can be obtained from Sonny Ivey, who serves as Director, at 129 E. Court Street, Sidney, Ohio 45365.

B. Ohio Hi-Point Joint Vocational School District (JVSD)

The Ohio Hi-Point Joint Vocational School District (JVSD) is a distinct political subdivision of the State of Ohio, which provides vocational education. The JVSD is operated under the direction of a Board consisting of one representative from each of the eleven participating School Districts' Board of Education. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

NOTE 16 - INSURANCE POOL

Hardin County School Employees' Health and Welfare Benefit Plan and Trust - The Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust) is a public entity shared risk pool consisting of six School Districts, the Hardin County Educational Service Center, and the Ada Public Library. The Trust is organized as a Voluntary Employee Benefit association under Section 501(c) (9) of the Internal Revenue Code and provides sick, accident, and other benefits to the employees of the participating School Districts. Each participating School District's superintendent is appointed to an Administrative Committee which advises the Trustee, The Sky Bank, concerning aspects of the administration of the Trust.

Each School District decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Rick Combs, who serves as Director, at P.O. Box 98, Dola, Ohio 45835-0098.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008
(Continued)

NOTE 17 - RELATED ORGANIZATION

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

NOTE 18 - CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2008.

B. Litigation

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

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2008, the Academy implemented GASB Statement No. 50, "Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27," and GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The application of these new standards had no effect on the financial statements, nor did their implementation require a restatement of prior year balances.

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Members of the Board
Ridgemont Local School District
330 West Taylor Street
Mt. Victory, Ohio 43340

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ridgemont Local School District, Hardin County (the School District) as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 31, 2009 in which we noted that the School District implemented GASB Statements No. 50, No. 48 and No. 45. 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 the Comptroller General of the United States' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting. The item is identified in the accompanying schedule of findings as item 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material misstatement of the financial statements.

Members of the Board

Ridgmont Local School District

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Page 2

Internal Control Over Financial Reporting (continued)

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding 2008-001 is also a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

We intended this report solely for the information and use of management and members of the Board. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 31, 2009

Ridgemont Local School District
Schedule of Findings
For the Fiscal Year Ended June 30, 2008

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

Finding 2008-001

Material Weakness – Audit Adjustment

Financial statement misstatements were identified during the audit that should have been prevented or detected by the School District's internal controls over financial reporting. The following misstatements were identified:

- Understatement of Capital Assets, Net of Related Debt
- Correction of current interest accretion balances
- Understatement of Restricted Cash

The accompanying financial statements were adjusted to reflect correction of misstatements. The School District should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Clients Response:

The School District has taken actions to correct the misstatements, and will implement better monitoring controls to prevent future errors.

**RIGDEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Significant Deficiency/Material Weakness due to material adjustments.	No	Re-issued as finding number 2008-001.



Mary Taylor, CPA
Auditor of State

RIDGEMONT LOCAL SCHOOL DISTRICT

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 6, 2010**