

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2005



**Auditor of State
Betty Montgomery**

Board of Education
Ridgemont Local School District
Mt. Victory, Ohio

We have reviewed the *Independent Auditor's Report* of the Ridgemont Local School District, Hardin County, prepared by E.S. Evans and Company, for the audit period July 1, 2004 through June 30, 2005. 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.

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BETTY MONTGOMERY
Auditor of State

May 16, 2006

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RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

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E.S. Evans and Company

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

February 24, 2006

INDEPENDENT AUDITOR'S REPORT

Board of Education
Ridgemont Local School District
Hardin County, Ohio

and

Auditor of State of Ohio
Columbus, Ohio

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 School District as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. The basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Ridgemont Local School District, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General 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 a report dated February 24, 2006 on our consideration of Ridgemont Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

A handwritten signature in red ink, appearing to read "E. H. ...", is located in the lower right quadrant of the page.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2005

The discussion and analysis of Ridgemont Local School District's (the "School District") financial performance provides an overall view of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- Net assets of governmental activities decreased \$99,691 while net assets of business-type activities increased \$20,198.
- General revenues accounted for \$3,839,418 in revenue or 79.35% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$998,899 or 20.65% of total revenue of \$4,838,317.
- The School District had \$4,923,008 in expenses related to government activities; only \$998,899 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 School District had \$241,722 in expenses related to business-type activities. Program revenues of \$246,920 were adequate to provide for these services.
- Capital outlay additions of \$17,388 consisted of 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 School 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 School District, presenting both an aggregate view of the School 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 School District's most significant funds with all other non-major funds presented in total in one column. In case of Ridgemont Local School District, the general fund is the only major fund.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2005

Reporting the School 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 School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" 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.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School 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 School District is divided into two distinct kinds of activities:

- Governmental Activities - Most of the School 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 School District adult and community education programs, food service and uniform school supplies are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2005

Governmental Funds - Most of the School 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 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 School 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 School District as a Whole

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

Table 1 provides a summary of the School District's net assets for fiscal year 2005 compared to 2004:

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets	\$	\$	\$	\$	\$	\$
Current Assets	2,976,554	2,866,870	27,602	7,264	3,004,156	2,874,134
Capital Assets	2,544,770	2,766,500	23,382	27,671	2,568,152	2,794,171
Total Assets	5,521,324	5,633,370	50,984	34,935	5,572,308	5,668,305
Liabilities						
Current Liabilities	1,538,672	1,376,177	33,486	37,635	1,572,158	1,413,812
Long-Term Liabilities	1,082,018	1,256,868	-	-	1,082,018	1,256,868
Total Liabilities	2,620,690	2,633,045	33,486	37,635	2,654,176	2,670,680
Net Assets						
Invested in Capital Assets, Net of Related Debt	1,674,775	1,721,505	23,382	27,671	1,698,157	1,749,176
Restricted	329,303	278,982	-	-	329,303	278,982
Unrestricted (Deficit)	896,556	999,838	(5,884)	(30,371)	890,672	969,467
Total Net Assets	\$ 2,900,634	\$ 3,000,325	\$ 17,498	\$ (2,700)	\$ 2,918,132	\$ 2,997,625

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2005

Table 2 shows the Change in Net Assets for fiscal year 2005 compared to 2004:

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Program Revenues:						
Charges for Services	\$ 558,376	\$ 577,343	\$ 167,988	\$ 172,491	\$ 726,364	\$ 749,834
Operating Grants & Contributions	440,523	376,231	78,932	63,239	519,455	439,470
Capital Grants & Contributions	-	13,200	-	-	-	13,200
General Revenues:						
Property Taxes	1,049,684	1,162,759	-	-	1,049,684	1,162,759
Income Taxes	436,876	413,117	-	-	436,876	413,117
Grants and Entitlements	2,288,748	2,157,695	-	-	2,288,748	2,157,695
Unrestricted Investment Earnings	38,740	24,240	-	-	38,740	24,240
Miscellaneous	25,370	11,148	-	-	25,370	11,148
Transfers	(15,000)	(13,000)	15,000	13,000	-	-
Total Revenue	4,823,317	4,722,733	261,920	248,730	5,085,237	4,971,463
Program Expenses:						
Instruction:						
Regular	2,167,468	2,175,804	-	-	2,167,468	2,175,804
Special	448,707	416,631	-	-	448,707	416,631
Vocational	129,932	110,691	-	-	129,932	110,691
Other	8,902	13,499	-	-	8,902	13,499
Support Services:						
Pupils	217,797	216,816	-	-	217,797	216,816
Instructional Staff	223,453	198,450	-	-	223,453	198,450
Board of Education	31,990	28,677	-	-	31,990	28,677
Administration	486,871	469,569	-	-	486,871	469,569
Fiscal	204,275	185,947	-	-	204,275	185,947
Operation and Maintenance	396,812	461,315	-	-	396,812	461,315
Pupil Transportation	366,930	367,862	-	-	366,930	367,862
Central	59,053	27,170	-	-	59,053	27,170
Non-Instructional Services	-	547	-	-	-	547
Extracurricular Activities	150,608	153,320	-	-	150,608	153,320
Facilities Acq & Construction	11,797	15,398	-	-	11,797	15,398
Interest and Fiscal Charges	18,413	25,302	-	-	18,413	25,302
Food Service	-	-	241,608	240,195	241,608	240,195
Uniform School Supplies	-	-	114	23,432	114	23,432
Total Expenses	4,923,008	4,866,998	241,722	263,627	5,164,730	5,130,625
(Decrease) in Net Assets	\$ (99,691)	\$ (144,265)	\$ 20,198	\$ (14,897)	\$ (79,493)	\$ (159,162)

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2005

Governmental Activities

Net assets of the School District's governmental activities decreased by \$99,691. Program revenue of \$998,899 and general revenues of \$3,839,418 did not offset total governmental expenses of \$4,923,008. Program revenues supported 20.29% of the total governmental expenses.

Several revenue sources fund the School District's governmental activities with property tax income tax and State foundation revenues being the largest contributors. Property tax levies generated \$1,049,684 in fiscal year 2005. General revenues from grants and entitlements, such as the school foundation program, generated approximately \$2,288,748. These two revenue sources represent 69% of total governmental revenue.

Real estate property is reappraised every six years. Hardin County had its triennial update in calendar year 2004. Although historical growth has had a positive effect on the School 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 School District tax valuation continues to grow, this built-in revenue limitation requires the School 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 School District has to deal with in providing funding for the program offering of the School District.

Instruction costs comprise 55.98% of governmental program expenses of \$4,923,008.

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 \$233,131 and \$13,789 with expenses of \$241,608 and \$114, respectively.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$4,834,796 and total expenditures were \$4,875,631. The School District expenditures exceed the revenue by \$40,835. This fact is a challenge for the School District.

The School District's general fund balance decreased by \$99,691. The decrease in fund balance can be attributed primarily to the overall increase in salaries, wages and fringe benefits along with revenues not keeping pace with the cost of operations.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2005

General Fund Budgeting Highlights

The School 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 School District's general fund.

During fiscal year 2005, the School District amended its general fund balance. Budget revisions are presented to the Board of Education for approval. These fiscal year amendments were considered routine.

For the general fund, the final budget basis revenue estimate was \$4,147,980, which was higher than the original revenue estimate of \$4,142,794. Actual revenue on the budget basis was \$4,147,980.

The original expenditures estimate of \$4,182,179 was increased to \$4,491,973. The actual expenditures were \$4,132,204.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the School District had \$2,568,152 invested in land, buildings, equipment and vehicles. This is accounting for both Governmental Activities and Business-Type Activities assets. The table below shows the different classes of capital assets at June 30, 2005 compared to June 30, 2004.

	Governmental Activities 2005	Governmental Activities 2004	Business-Type Activities 2005	Business-Type Activities 2004
Land	\$ 78,259	\$ 78,259	\$ -	\$ -
Land Improvements	383,970	418,440	-	-
Buildings and Improvements	1,755,180	1,819,668	-	-
Furniture and Equipment	215,605	287,935	23,382	27,671
School Buses and Vehicles	111,756	162,198	-	-
Total Capital Assets	\$ <u>2,544,770</u>	\$ <u>2,766,500</u>	\$ <u>23,382</u>	\$ <u>27,671</u>

For further information regarding the School District's capital assets, refer to Note 9 of the basic financial statements.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2005

Debt

As of June 30, 2005, the School District has \$869,995 in general obligation bonds outstanding, with \$175,000 due within one year. Table 4 summarizes debt outstanding:

	Governmental Activities 2005	Governmental Activities 2004
General Obligation Bonds:	\$ 869,995	\$ 1,044,995
3.75% to 5.2% 1999 School Building Advance Refunding		
Compensated Absences	212,023	210,309
Total	\$ <u>1,082,018</u>	\$ <u>1,255,304</u>

For further information regarding the School District's long-term liabilities, refer to Note 15 of the basic financial statements.

Other Issues

The School District faces many challenges in the future. As the preceding information shows, the School District relies heavily upon grants and entitlements and property taxes. Another challenge facing the School 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 School Districts with little property tax wealth. On December 11, 2002, 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 a school-funding plan that is thorough and efficient. The School 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, School District management is required to plan carefully and prudently to provide the resources to meet student needs in the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and show the School 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.

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RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,651,926	\$ 35,687	\$ 1,687,613
Receivables:			
Taxes	1,240,020	-	1,240,020
Accounts	270	37	307
Intergovernmental	28,026	-	28,026
Internal Balances	15,000	(15,000)	-
Prepaid Items	41,312	833	42,145
Inventory	-	6,045	6,045
Nondepreciable Capital Assets, Land	78,259	-	78,259
Other Capital Assets, Net of Depreciation	2,466,511	23,382	2,489,893
Total Assets	5,521,324	50,984	5,572,308
<u>Liabilities:</u>			
Accounts Payable	6,178	-	6,178
Accrued Wages and Benefits	399,547	20,183	419,730
Intergovernmental Payable	112,125	10,563	122,688
Deferred Revenue	1,019,876	2,740	1,022,616
Accrued Interest Payable	946	-	946
Long-Term Liabilities:			
Due within one year	196,525	-	196,525
Due in more than one year	885,493	-	885,493
Total Liabilities	2,620,690	33,486	2,654,176
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	1,674,775	23,382	1,698,157
Restricted for:			
Debt Service	183,782	-	183,782
Other Purposes	145,521	-	145,521
Unrestricted (Deficit)	896,556	(5,884)	890,672
Total Net Assets	\$ 2,900,634	\$ 17,498	\$ 2,918,132

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 2,167,468	\$ 493,985	\$ 102,514	\$ -
Special	448,707	61,327	287,504	-
Vocational	129,932	-	-	-
Other	8,902	-	-	-
Support Services:				
Pupils	217,797	-	20,116	-
Instructional Staff	223,453	-	23,808	-
Board of Education	31,990	-	-	-
Administration	486,871	3,064	5,000	-
Fiscal	204,275	-	991	-
Operation and Maintenance	396,812	-	590	-
Pupil Transportation	366,930	-	-	-
Central	59,053	-	-	-
Extracurricular Activities	150,608	-	-	-
Facilities Acquisition and Construction Services	11,797	-	-	-
Interest and Fiscal Charges	18,413	-	-	-
Total Governmental Activities	4,923,008	558,376	440,523	-
<u>Business-Type Activities:</u>				
Food Service	241,608	154,199	78,932	
Uniform School Supplies	114	13,789	-	
Total Business-Type Activities	241,722	167,988	78,932	
Total Primary Government	\$ 5,164,730	\$ 726,364	\$ 519,455	

Taxes:

Property Taxes, Levied for General Purposes
Property Taxes, Levied for Debt Service
Income Taxes for General Purposes
Grants and Entitlements not Restricted to Specific Purposes
Unrestricted Investment Earnings
Operating Transfers In/(Out)
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - July 1, 2004

Net Assets - June 30, 2005

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,570,969)		\$ (1,570,969)
(99,876)		(99,876)
(129,932)		(129,932)
(8,902)		(8,902)
(197,681)		(197,681)
(199,645)		(199,645)
(31,990)		(31,990)
(478,807)		(478,807)
(203,284)		(203,284)
(396,222)		(396,222)
(366,930)		(366,930)
(59,053)		(59,053)
(150,608)		(150,608)
(11,797)		(11,797)
(18,413)		(18,413)
<u>(3,924,109)</u>		<u>(3,924,109)</u>
-	\$ (8,477)	(8,477)
-	<u>13,675</u>	<u>13,675</u>
-	<u>5,198</u>	<u>5,198</u>
(3,924,109)	5,198	(3,918,911)
874,709	-	874,709
174,975	-	174,975
436,876	-	436,876
2,288,748	-	2,288,748
38,740	-	38,740
(15,000)	15,000	-
25,370	-	25,370
<u>3,824,418</u>	<u>15,000</u>	<u>3,839,418</u>
<u>(99,691)</u>	<u>20,198</u>	<u>(79,493)</u>
<u>3,000,325</u>	<u>(2,700)</u>	<u>2,997,625</u>
<u>\$ 2,900,634</u>	<u>\$ 17,498</u>	<u>\$ 2,918,132</u>

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,429,583	\$ 222,343	\$ 1,651,926
Receivables:			
Taxes	1,070,498	169,522	1,240,020
Accounts	144	126	270
Intergovernmental	-	28,026	28,026
Interfund Receivables	24,971	-	24,971
Prepaid Items	38,077	3,235	41,312
 Total Assets	 2,563,273	 423,252	 2,986,525
 <u>Liabilities:</u>			
Accounts Payable	3,147	3,031	6,178
Accrued Wages	351,716	47,831	399,547
Interfund Payables	-	9,971	9,971
Intergovernmental Payable	74,157	8,187	82,344
Deferred Revenues	867,542	179,096	1,046,638
 Total Liabilities	 1,296,562	 248,116	 1,544,678
 <u>Fund Balances:</u>			
Reserved for Encumbrances	71,087	1,564	72,651
Reserved for Taxes Unappropriated	65,332	11,426	76,758
Unreserved , Reported in:			
General Fund	1,130,292	-	1,130,292
Special Revenue Funds	-	2,337	2,337
Debt Service Fund	-	159,809	159,809
 Total Fund Balances	 1,266,711	 175,136	 1,441,847
 Total Liabilities and Fund Balances	 \$ 2,563,273	 \$ 423,252	 \$ 2,986,525

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

RIDGEMONT LOCAL SCHOOL DISTRICT
MT. VICTORY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2005

Total Governmental Fund Balances		\$	1,441,847
Amounts reported for governmental activities in the statement of net assets are different because of the following:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			2,544,770
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:			
Property Taxes			26,762
Some liabilities are not due and payable in the current and therefore are not reported in the funds:			
Compensated Absences Payable	\$	(212,023)	
Intergovernmental Payable		(29,781)	
General Obligation Bonds Payable		(869,995)	
Accrued Interest Payable		(946)	
			<u>(1,112,745)</u>
Net Assets of Governmental Activities		\$	<u>2,900,634</u>

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 871,878	\$ 154,846	\$ 1,026,724
Income Taxes	436,876	-	436,876
Intergovernmental	2,288,748	459,962	2,748,710
Investment Income	38,740	-	38,740
Tuition	493,985	-	493,985
Extracurricular Activities	-	61,327	61,327
Classroom Materials and Fees	3,064	-	3,064
Miscellaneous	7,633	17,737	25,370
Total Revenue	4,140,924	693,872	4,834,796
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,019,121	81,340	2,100,461
Special	185,071	280,025	465,096
Vocational	118,117	-	118,117
Other	8,902	-	8,902
Support Services:			
Pupils	200,089	19,079	219,168
Instructional Staff	201,318	26,254	227,572
Board of Education	31,990	-	31,990
Administration	475,680	4,997	480,677
Fiscal	171,977	5,183	177,160
Operation and Maintenance	390,698	590	391,288
Pupil Transportation	251,352	-	251,352
Central	59,047	-	59,047
Extracurricular Activities	102,645	47,939	150,584
Facilities Acquisition and Construction Services	186	-	186
Debt Service:			
Principal Retirement	-	175,000	175,000
Interest and Fiscal Charges	-	19,031	19,031
Total Expenditures	4,216,193	659,438	4,875,631
Excess of Revenues Over (Under) Expenditures	(75,269)	34,434	(40,835)
Other Financing Sources (Uses):			
Operating Transfers In	-	9,127	9,127
Operating Transfers Out	(15,000)	(9,127)	(24,127)
Total Other Sources (Uses)	(15,000)	-	(15,000)
Net Change in Fund Balance	(90,269)	34,434	(55,835)
Fund Balances (Deficit) at Beginning of Year - Restated	1,356,980	140,702	1,497,682
Fund Balances (Deficits) End of Year	\$ 1,266,711	\$ 175,136	\$ 1,441,847

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Net Change in Fund Balances-Total Governmental Funds \$ (55,835)

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

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

Capital Outlays	\$	17,388	
Depreciation		<u>(239,118)</u>	(221,730)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes		<u>3,521</u>	3,521
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Repayment of bonds principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets. 175,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 618

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 in governmental funds.

Compensated Absences		(1,714)	
Pension Obligations		<u>449</u>	<u>(1,265)</u>

Change in Net Assets of Governmental Activities \$ (99,691)

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Taxes	\$ 870,713	\$ 891,053	\$ 891,053	\$ -
Income Taxes	424,210	424,210	424,210	-
Intergovernmental Revenue	2,284,668	2,288,747	2,288,747	-
Investment Income	25,000	38,740	38,740	-
Tuition	509,003	494,057	494,057	-
Classroom Materials and Fees	3,000	2,966	2,966	-
Miscellaneous	26,200	8,207	8,207	-
Total Revenues	<u>4,142,794</u>	<u>4,147,980</u>	<u>4,147,980</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,018,316	2,109,671	1,975,870	133,801
Special	125,052	178,197	173,585	4,612
Vocational	105,652	118,722	114,587	4,135
Other	14,498	14,498	8,902	5,596
Support Services:				
Pupils	197,459	205,844	194,622	11,222
Instructional Staff	183,873	212,883	198,690	14,193
Board of Education	27,772	38,477	34,065	4,412
Administration	466,733	478,808	463,110	15,698
Fiscal	162,899	174,499	169,868	4,631
Operation and Maintenance of Plant	461,516	462,611	391,382	71,229
Pupil Transportation	285,670	319,264	247,293	71,971
Central	25,224	62,764	58,354	4,410
Extracurricular Activities	101,871	110,091	101,690	8,401
Facilities Acquisition and Construction Services	5,644	5,644	186	5,458
Total Expenditures	<u>4,182,179</u>	<u>4,491,973</u>	<u>4,132,204</u>	<u>359,769</u>
Excess of Revenues Over Expenditures	<u>(39,385)</u>	<u>(343,993)</u>	<u>15,776</u>	<u>359,769</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	-	144	144	-
Other Financing Uses	(555)	(555)	-	555
Operating Transfers Out	(13,000)	(15,000)	(15,000)	-
Advance In	40,373	55,373	55,373	-
Advance Out	(55,373)	(25,373)	(24,971)	402
Total Other Financing Sources (Uses)	<u>(28,555)</u>	<u>14,589</u>	<u>15,546</u>	<u>957</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(67,940)	(329,404)	31,322	360,726
Fund Balances at Beginning of Year	1,388,609	1,388,609	1,388,609	-
Prior Year Encumbrances Appropriated	9,652	9,652	9,652	-
Fund Balances (Deficit) at End of Year	<u>\$ 1,330,321</u>	<u>\$ 1,068,857</u>	<u>\$ 1,429,583</u>	<u>\$ 360,726</u>

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005

	<u>Business-Type Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 35,687
Accounts Receivable	37
Prepaid Items	833
Inventory for Resale	<u>6,045</u>
Total Current Assets	42,602
Capital Assets, (Net)	<u>23,382</u>
Total Assets	<u>65,984</u>
<u>Liabilities</u>	
Accrued Wages	20,183
Pension Obligation Payable	10,563
Deferred Revenue	2,740
Interfund Payable	<u>15,000</u>
Total Current Assets	<u>48,486</u>
Total Liabilities	48,486
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	23,382
Unrestricted	<u>(5,884)</u>
Total Net Assets	<u>\$ 17,498</u>

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

	<u>Business-Type Activities</u>
<u>Operating Revenues:</u>	
Food Services	\$ 154,254
Classroom Fees	<u>13,734</u>
Total Operating Revenues	<u>167,988</u>
<u>Operating Expenses:</u>	
Salaries	80,187
Fringe Benefits	36,990
Purchased Services	2,558
Materials and Supplies	8,667
Cost of Sales	109,031
Depreciation	<u>4,289</u>
Total Operating Expenses	<u>241,722</u>
Operating Income (Loss)	<u>(73,734)</u>
<u>Non-Operating Revenues (Expenses):</u>	
Federal Donated Commodities	28,022
Operating Grants	<u>50,910</u>
Total Non-Operating Revenues (Expenses)	<u>78,932</u>
Income (Loss) Before Transfers	5,198
Operating Transfers In	<u>15,000</u>
Change in Net Assets	20,198
Total Net Assets at Beginning of Year	<u>(2,700)</u>
Total Net Assets at End of Year	<u>\$ 17,498</u>

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

	Business-Type Activities
Increase (Decrease) in Cash and Cash Equivalents:	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 164,012
Cash Payments to Suppliers for Goods and Services	(87,861)
Cash Payments to Employees for Services	(83,497)
Cash Payments for Employee Benefits	(28,432)
Net Cash Provided by (Used in) Operating Activities	(35,778)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	50,910
Operating Transfers In	15,000
Net Cash Provided by Noncapital Financing Activities	65,910
Net Increase (Decrease) in Cash and Cash Equivalents	30,132
Cash and Cash Equivalents Beginning of Year	5,555
Cash and Cash Equivalents End of Year	35,687
<u>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</u>	
Operating Income (Loss)	(73,734)
Adjustments:	
Net Cash from Operating Activities:	
Depreciation	4,289
Donated Commodities Revenue	28,022
(Increase) Decrease in Assets:	
Accounts Receivable	92
Inventory Held for Resale	1,302
Prepaid Items	(45)
Intergovernmental Receivable	8,445
Increase (Decrease) in Liabilities:	
Accrued Wages and Benefits Payable	3,807
Pension Obligation Payable	1,486
Deferred Revenue	(9,442)
Total Adjustments	37,956
Net Cash Provided by Operating Activities	\$ (35,778)

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2005

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ <u>24,420</u>	\$ <u>24,262</u>
Total Assets	<u>24,420</u>	<u>24,262</u>
 <u>Liabilities:</u>		
Due to Students	-	24,079
Undistributed Monies	<u>-</u>	<u>183</u>
Total Liabilities	<u>-</u>	\$ <u>24,262</u>
 <u>Net Assets</u>		
Unrestricted:		
Unclaimed Monies	17,119	
Held in Trust for Scholarships and Needy Children	<u>7,301</u>	
Total Net Assets	\$ <u>24,420</u>	

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2005

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Miscellaneous Income	\$ <u>6,374</u>
Total Additions	6,374
<u>Deductions:</u>	
Scholarships	<u>3,300</u>
Total Deductions	<u>3,300</u>
Change in Net Assets	3,074
Net Assets Beginning of Year	<u>21,346</u>
Net Assets End of Year	\$ <u><u>24,420</u></u>

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Ridgemont Local School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under an elected Board of Education (5 members) elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines. Average daily membership (ADM) as of October 1, 2004 was 634. The School District employed 51 certificated employees and 32 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 School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District.

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

The School 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 School 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The District has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. Following are the more significant of the School District's accounting policies:

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

A. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at 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 School District and for each function or program of the School 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 School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

FUND FINANCIAL STATEMENTS

During the year, the School District segregates transactions related to certain School 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 School 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. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School 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 School 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 School District are classified into three categories: governmental, proprietary and fiduciary.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

B. Fund Accounting – (continued)

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 is the School District's major governmental fund:

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

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

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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust funds are 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.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 School District finances and meets the cash flow needs of its proprietary activities. The private purpose trust funds are 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. "Measurable" means the amount of the transaction can be determined, and "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. For the District, available means expected to be received within sixty days of the fiscal year end.

Non-exchange transactions, in which the School 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 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D. Basis of Accounting – (continued)

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, 2004, but which were levied to finance year 2005 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 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, is 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.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

E. Budgetary Process – (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School 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 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 School 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 School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during year 2005. 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, 2005.

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 2005 amounted to \$38,740, which includes \$31,992 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 School 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.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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.

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 School District maintains a capitalization threshold of \$500. The School 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.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

I. Capital Assets – (continued)

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 School District will compensate the employees for the benefits through paid time off or some other means. The School 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 School 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 School District's termination policy. The School 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 FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School 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 School 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, 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 School 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.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

O. Operating Revenues and Expense

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult education classes, sales for food service and uniform school supplies, and charges for services for self-insurance programs. 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.

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 2005.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2005, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosure". GASB Statement No. 40 establishes and modifies the disclosure requirements related to investment risks. The implementation of this statement did not result in any change to the School District's financial statements.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School 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:

Net Change in Fund Balance	General
Budget Basis	\$ 31,322
Adjustments:	
Revenue Accruals:	
Accrued FY2004, Received in Cash FY2005	(188,543)
Accrued FY2005, Not Yet Received in Cash	181,487
Expenditure Accruals:	
Accrued FY2004, Paid in Cash FY2005	317,163
Accrued FY2005, Not Yet Paid in Cash	(472,479)
Encumbrances	71,327
Other Financial Sources/Uses:	
Refunds	(144)
Advances (Net)	(30,402)
GAAP Basis	\$ (90,269)

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits

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

Active Deposits: those monies required to be kept in a "cash" or "near-cash" status for immediate use by the School District. Such monies must by law be maintained either as cash in the School 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. Inactive deposits must be either evidenced by 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. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of the School 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 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;

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS – (continued)

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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 School 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: Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the polled collateral must equal at least 105 percent of the public funds deposited. Collateral is held by the trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. At year end, the carrying amount of the School's deposits was \$(31,669) and the bank balance was \$165,267. Of the bank balance, \$100,000 was covered by federal depository insurance and \$65,267 was uninsured. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS – (continued)

Investments: As of June 30, 2005, the School District had the following investments:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
STAR Ohio	\$ <u>1,767,863</u>	\$ <u>1,767,863</u>

In addition to the above, there was \$100 of cash on hand.

Interest Rate Risk – The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk - STAR Ohio is an investment pool managed by the Treasurer of the State of Ohio. STAR Ohio 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.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer. The School District invests solely in STAR Ohio.

Foreign Currency Risk - The School District does not have exposure for foreign exchange risk.

Custodial Credit Risk - Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have exposure to custodial credit risk for the investment in STAR Ohio as defined by Statement No. 40.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business), property located in the School District. Real property tax revenues received in calendar year 2005 represent the collection of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2005 represent the collection of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien on December 31, 2003, were levied after April 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2005 (other than public utility property) represent the collection of calendar year 2005 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 24 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 6 – PROPERTY TAXES – (continued)

The School District receives property taxes from Hardin and Logan County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2005, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005, was \$65,332 in the General Fund and \$11,426 in the Debt Service Bond Retirement Fund.

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

The assessed values upon which the year 2005 taxes were collected are:

HARDIN COUNTY	<u>2004 Second-Half Collections</u>		<u>2005 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Public Utility	\$ 42,837,230	88.80%	\$ 43,280,820	88.94%
Tangible Personal Property	<u>5,400,960</u>	<u>11.20%</u>	<u>5,380,072</u>	<u>11.06%</u>
Total Assessed Value	<u>\$ 48,238,190</u>	<u>100.00%</u>	<u>\$ 48,660,892</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$34.70</u>		<u>\$34.90</u>	
LOGAN COUNTY	<u>2004 Second-Half Collections</u>		<u>2005 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Public Utility	\$ 6,062,510	86.71%	\$ 5,717,340	85.78%
Tangible Personal Property	<u>929,410</u>	<u>13.29%</u>	<u>947,990</u>	<u>14.22%</u>
Total Assessed Value	<u>\$ 6,991,920</u>	<u>100.00%</u>	<u>\$ 6,665,330</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$34.70</u>		<u>\$34.90</u>	

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 7 - INTERFUND RECEIVABLE/INTERFUND PAYABLE

Interfund balances at June 30, 2005, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General	\$ 24,971	\$ -
Special Revenue:		
Student Reading Intervention Grant	-	586
Title VI	-	2,359
Title IV-A SDFSC	-	7,026
Business-Type Activities:		
Uniform School Supplies	-	15,000
Totals	\$ 24,971	\$ 24,971

NOTE 8 - RECEIVABLES

Receivables at June 30, 2005, 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:

Receivables	Amount
<u>Governmental Type Activities:</u>	
Taxes:	
General Fund	\$ 1,070,498
Other Governmental Funds	169,522
Total Taxes Receivable	1,240,020
Accounts:	
General Fund	144
Other Governmental Funds	126
Total Accounts Receivable	270
Intergovernmental:	
Other Governmental Funds	28,026
Total Intergovernmental Receivable	28,026
Total Governmental-Type Activities	1,268,316
<u>Business-Type Activities:</u>	
Accounts	37
Total Business-Type Activities	37
Grand Total	\$ 1,268,353

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows:

	<u>Balance</u> <u>6/30/2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2005</u>
<u>Governmental Activities</u>				
Land	\$ 78,259	\$ -	\$ -	\$ 78,259
Land Improvements	517,045	-	-	517,045
Buildings and Improvements	5,241,693	-	-	5,241,693
Furniture and Equipment	787,145	17,388	-	804,533
Books	282,187	-	-	282,187
School Buses and Vehicles	504,428	-	-	504,428
Totals at Historical Cost	<u>7,410,757</u>	<u>17,388</u>	<u>-</u>	<u>7,428,145</u>
Less Accumulated Depreciation:				
Land Improvements	98,605	34,470	-	133,075
Buildings and Improvements	3,422,025	64,488	-	3,486,513
Furniture and Equipment	499,210	89,718	-	588,928
Vehicles	342,230	50,442	-	392,672
Books	282,187	-	-	282,187
Total Accumulated Depreciation	<u>4,644,257</u>	<u>239,118</u>	<u>-</u>	<u>4,883,375</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,766,500</u>	<u>\$ (221,730)</u>	<u>\$ -</u>	<u>\$ 2,544,770</u>
<u>Business-Type Activities</u>				
Furniture and Equipment	101,896	-	-	101,896
Less Accumulated Depreciation	74,225	4,289	-	78,514
Business-Type Activities Capital Assets, Net	<u>\$ 27,671</u>	<u>\$ (4,289)</u>	<u>\$ -</u>	<u>\$ 23,382</u>

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 9 – CAPITAL ASSETS – (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	79,777
Vocational		18,812
Support Service:		
Pupil		5,725
Instructional Staff		808
Administration		2,886
Fiscal		360
Operation and Maintenance of Plant		4,155
Pupil Transportation		114,985
Facilities Acquisition and Construction		11,610
Total Depreciation Expense	\$	239,118

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2005, the School District contracted with commercial insurers for property and fleet insurance, liability insurance, and inland marine coverage. The coverage provided by those insurers is as follows at June 30, 2005:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability	\$3,000,000 \$1,000,000	General Aggregate Each Occurrence \$-0-
Vehicle Policy	\$1,000,000 \$1,000,000 \$5,000 \$1,000,000	Bodily Injury Property Damage Medical Payments Uninsured Motorist \$250
Building and Contents	\$12,246,240	\$1,000
Commercial Crime Employee Dishonesty	\$10,000	

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

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 10 - RISK MANAGEMENT – (CONTINUED)

OSBA Worker's Compensation Group Rating Program:

The School 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 School 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". 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 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer defined benefit pension plan administered by the School 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

For the year ended June 30, 2005, plan members were required to contribute 9 percent of their annual covered salary and the School District was required to contribute an actuarially determined rate. The rate for year 2005 was 14 percent of annual covered payroll; 10.57 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 School District's required contribution for pension obligations to SERS for the years ending June 30, 2005, 2004, and 2003 were \$96,851, \$97,968, and \$84,176, respectively; 49.9 percent has been contributed for year 2005, and 100 percent for years 2004 and 2003. \$38,831 representing the unpaid contribution for FY' 2005 is recorded as a liability within respective funds.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (CONTINUED)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans 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 place all their member contributions and employer contributions equal to 103% of earned compensation into an investment account. The Combined Plan offers features of both the DC Plan and the DR Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the 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 to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. Any member may retire who has (i) five years of services credit and attained age 60; (ii) twenty-five years of services credit and attained age 55; or (iii) thirty years of services credit regardless of age.

Benefits are established by Chapter 3307.80 to 3307.89 of the Ohio 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.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (CONTINUED)

B. State Teachers Retirement System – (continued)

Combined Plan benefits allowed member contributions to be allocated by the member, 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 the 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.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14%: 13% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contribution for pension obligations for the years ended June 30, 2005, 2004, and 2003 were \$312,521, \$288,221, and \$259,508, respectively; 84.4 percent has been contributed for year 2005 and 100 percent has been contributed for years 2004 and 2003. \$48,765 representing the unpaid contribution for the year 2005 is recorded as a liability within respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2005, some of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POST-EMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For year June 30, 2005, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$22,323 for the year ended June 30, 2005.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 12 - POST-EMPLOYMENT BENEFITS – (CONTINUED)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this year ending June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For year 2005, the minimum pay was established at \$27,400. For the School District, the amount to fund health care benefits, including surcharge, equaled \$23,728 for the year ended June 30, 2005.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004 (the latest information available), were \$223,443,805, and the target level was \$335.2 million. At June 30, 2004, SERS net assets available for payment of health care benefits were \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 13 – 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 and teachers, 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 School District offers medical, dental, and life insurance to all employees through the Hardin County Schools Health Benefits Plan. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

NOTE 14 - SET ASIDES

The School 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. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital maintenance during year 2005:

	Textbook Reserve	Capital Maintenance Reserve	Total
Balance 7/1/04	\$ (125,291)	\$ (330,558)	\$ (455,849)
Required Set-Aside	83,457	83,457	166,914
Qualifying Expenditures	(93,567)	(81,964)	(175,531)
Balance 6/30/05	\$ (135,401)	\$ (329,065)	\$ (464,466)

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 15 - LONG-TERM LIABILITIES

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

	Principal Outstanding 06/30/04	Additions	Reductions	Principal Outstanding 06/30/05	Amounts Due In One Year
<u>Governmental Activities</u>					
School Building Advance Bonds 1998, 3.75 - 5.20%	\$1,044,995	\$ -	\$ 175,000	\$ 869,995	\$ 175,000
Compensated Absences	210,309	1,714	-	212,023	21,525
Total Governmental Activities Long-Term Liabilities	<u>\$1,255,304</u>	<u>\$ 1,714</u>	<u>\$ 175,000</u>	<u>\$1,082,018</u>	<u>\$ 196,525</u>

School Building General Obligation Bonds – On March 15, 1992, the Ridgemont Local School District issued \$2,150,000 in voted general obligation bonds for the purpose of constructing and improving existing school buildings. The bonds were issued for a twenty-three year period, with final maturity in 2015. On July 8, 1998, the School District issued \$1,929,995 in general obligation advance refunding bonds for sixteen years with interest rates ranging from 3.75% to 5.20%, depending on the year of maturity, to advance refund \$1,930,000 in 1992 school building improvement general obligation bonds. The bonds will be retired from the Bond Retirement debt service fund.

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

The School District's voted legal debt margin was \$3,628,820 with an unvoted debt margin of \$44,211 at June 30, 2005.

The annual requirements to amortize the School Building advance refunding bonds as of June 30, 2005, including interest are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	175,000	11,506	186,506
2007	175,000	3,850	178,850
2008	80,573	109,427	190,000
2009	74,548	110,452	185,000
2010	70,378	114,622	185,000
2011-2015	242,421	497,579	740,000
2016-2020	52,075	132,924	184,999
Totals	<u>\$ 869,995</u>	<u>\$ 980,360</u>	<u>\$ 1,850,355</u>

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization (WOCO) - The School District is a participant in 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 districts within each county plus one representative of the fiscal agent. Financial information can be obtained from Sonny Ivey, who serves as Director, at 129 E. Court Street, Sidney, Ohio 45365.

Ohio Hi-Point Joint Vocational School - The Ohio Hi-Point Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the eleven participating school districts' Board of Education, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

NOTE 17 – 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 and the Hardin County Educational Service Center. 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.

NOTE 18 – 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 Ridgemont School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve 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.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 19 - CONTINGENT LIABILITIES

A. Grants

The School 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School District at June 30, 2005.

B. Litigation

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

C. School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 20 – RESTATEMENT

In fiscal year 2004, a \$28,000 adjustment was incorrectly reflected on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. The adjustment was posted to the General Fund, wherein it should have been in the Other Governmental Funds. Thus, a restatement of the fund balances at July 1, 2004 is being done to properly reflect the \$28,000.

		Other		Total
	General	Governmental		Governmental
As Previously Reported	\$ 1,328,980	\$ 168,702	\$	1,497,682
Reclassification Adjustment	28,000	(28,000)		-
As Restated	<u>\$ 1,356,980</u>	<u>\$ 140,702</u>	<u>\$</u>	<u>1,497,682</u>

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2005

NOTE 21 – ACCOUNTABILITY

At June 30, 2005, the Management Information System Fund, Student Reading Intervention Grant, Title I, and Title VI special revenue funds had deficit fund balances of \$5, \$586, \$33,253, and \$2,359, respectively. The deficits in these funds were created by the application of generally accepted accounting principles. The general fund provides cash to these funds; however, this does not happen until needed.

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

February 24, 2006

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

Board of Education
Ridgemont Local School District
Allen County, Ohio

and

Auditor of State of Ohio
Columbus, Ohio

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 as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 we must report under Government Auditing Standards.

We intend this report solely for the information and use of the management, the Board of Education, and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. L. ...", is located in the lower right quadrant of the page.

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

SCHEDULE OF AUDIT FINDINGS

June 30, 2005

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
NONE			

RIDGEMONT LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
AOS - Finding for Recovery	ORC 117.28 - Finding for Recovery in the amount of \$9,888 against Jerry Jenkins.	YES	Fully Repaid on 8-30-2005
2004-8675-001	ORC 9.38 Deposits of Public money.	YES	
2004-8675-002	Athletic Ticket Gate Receipts.	YES	



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**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 30, 2006**