

MARIEMONT CITY SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2004

With

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Trustees
Mariemont City School District

We have reviewed the Independent Auditor's Report of the Mariemont City School District, Hamilton County, prepared by Clark, Schaefer, Hackett & Co. for the audit period July 1, 2003 through June 30, 2004. 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 Mariemont City School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 13, 2005

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MARIEMONT CITY SCHOOL DISTRICT

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Mariemont City School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mariemont City School District (the School District) as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2004, and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2004 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 14, 2004

MARIEMONT CITY SCHOOL DISTRICT, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2004

(Unaudited)

The discussion and analysis of Mariemont City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Government issued June, 1999.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets increased \$.26 million, which represents a 3% increase from 2003.
- General revenue accounted for \$16.1 million in revenue or 93.9% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1.0 million or 6.1% of total revenues of \$17.1 million.
- Total assets of governmental activities increased by \$2.6 million as taxes receivable increased by \$1.8 million while cash and other receivables increased by \$.8 million.
- The District had \$16.9 million in expenses related to governmental activities; only \$1.0 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$16.1 million were adequate to provide for these programs.
- As the major fund, the General Fund had \$15.5 million in revenues and \$15.2 million in expenditures. The General Fund's balance increased from \$6.3 to \$6.6 million.

Overview of the Financial Statements

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

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

MARIEMONT CITY SCHOOL DISTRICT, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2003
(Unaudited)

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 District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2004?" The *Statement of Net Assets* and the *Statement of Activities* answers 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 District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District has one distinct kind of activities. Governmental Activities – The District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2004
(Unaudited)**

The District as a Whole

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

Table 1 provides a summary of the District's net assets for 2004 compared to 2003:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2004</u>
Assets		
Current	\$16,977,547	\$19,363,611
Capital assets	<u>9,153,671</u>	<u>9,397,595</u>
Total Assets	26,131,218	28,761,206
Liabilities		
Long-term liabilities	8,609,815	8,285,675
Other Liabilities	<u>8,628,595</u>	<u>11,326,200</u>
Total Liabilities	17,238,410	19,611,875
Net Assets		
Invested in capital assets, net of debt	1,485,389	2,053,900
Restricted	1,560,765	1,349,974
Unrestricted	<u>5,846,654</u>	<u>5,745,457</u>
Total Net Assets	<u>\$8,892,808</u>	<u>\$9,149,331</u>

Total assets increased \$2.6 million. Equity in pooled cash and cash equivalents increased \$.6 million. Taxes receivable increased \$1.8 million. Total liabilities increased \$2.4 million, resulting in a net asset increase of \$.2 million.

MARIEMONT CITY SCHOOL DISTRICT, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2004
(Unaudited)

Table 2 shows the change in net assets from fiscal year 2003 to 2004

Table 2
Changes in Net Assets

	Governmental Activities 2003	Governmental Activities 2004
Revenues		
Program Revenues:		
Charges for services & sales	\$785,279	\$711,130
Operating grants	348,156	336,185
Capital grants	31,174	2,543
General Revenues:		
Property taxes	11,996,917	11,065,307
Grants and entitlements	4,672,239	4,844,651
Earnings on investments	110,508	86,588
Other revenues	182,156	99,679
Total Revenues	<u>18,126,429</u>	<u>17,146,083</u>
Program expenses:		
Instruction	9,014,473	9,079,120
Support services:		
Pupil and instructional staff	2,052,806	2,203,800
Administration	1,742,497	1,726,435
Operations & maintenance	1,887,298	1,981,891
Pupil transportation	504,195	500,733
Central	94,436	97,633
Non-instructional services	469,989	386,562
Extracurricular activities	481,703	523,459
Interest and fiscal charges	402,519	389,927
Total Expenses	<u>16,649,916</u>	<u>16,889,560</u>
Increase in Net Assets	<u>\$1,476,513</u>	<u>\$256,523</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised ninety-three percent (93%) of the District's revenues for governmental activities.

MARIEMONT CITY SCHOOL DISTRICT, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2004
(Unaudited)

The District depends greatly on property tax as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up sixty-five percent (65%) of revenue for governmental activities for the District in fiscal year 2004.

Instruction comprises fifty-three percent (53%) of governmental program expenses. Support services expenses were thirty-nine percent (39%) of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Changes in Net Assets

	Total Cost of Services		Net Cost of Services	
	2003	2004	2003	2004
Instruction	9,014,473	9,079,120	\$8,617,969	\$8,781,439
Support services:				
Pupil and instructional staff	2,052,806	2,203,800	1,869,547	2,007,351
Administration	1,742,497	1,726,435	1,742,497	1,720,190
Operations & maintenance	1,887,298	1,981,891	1,866,216	1,928,747
Pupil transportation	504,195	500,733	499,073	498,190
Central	94,436	97,633	94,436	96,133
Non-instructional services	469,989	386,562	71,963	52,178
Extracurricular activities	481,703	523,459	321,087	365,547
Interest and fiscal charges	402,519	389,927	402,519	389,927
Total Expenses	<u>\$16,649,916</u>	<u>\$16,889,560</u>	<u>\$15,485,307</u>	<u>\$15,839,702</u>

MARIEMONT CITY SCHOOL DISTRICT, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2004
(Unaudited)

The District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17.1 million and expenditures of \$17.4 million. The net change in fund balance for the year was (\$.3) million.

General Fund Budgeting Highlights

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

During the course of fiscal 2004, the District amended its general fund budget twice, however neither were significant. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$16.4 million, above original budget estimates of \$15.4 million. Of this \$1 million difference, most was due to conservative estimate for taxes and intergovernmental revenue.

The District's ending unobligated cash balance was \$1.6 million above the original budget amount.

Capital Assets and Debt Administration
Capital Assets

At the end of fiscal 2004, the District had \$9.4 million invested in land, buildings, equipment and vehicles. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2004</u>
Land	\$919,079	\$919,079
Construction in progress	6,333,924	6,975,171
Buildings & improvements	556,117	478,654
Furniture & equipment	1,175,036	890,909
Vehicles	<u>169,515</u>	<u>133,782</u>
Total Net Assets	<u>\$9,153,671</u>	<u>\$9,397,595</u>

MARIEMONT CITY SCHOOL DISTRICT, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2004
(Unaudited)

The increase in capital assets is due to \$743,928 in acquisitions, offset by the recognition of \$500,004 in depreciation expense. This District continues its ongoing commitment to maintaining and improving its capital assets.

Debt

At June 30, 2004, the District had \$7,315,722 in bonds outstanding, \$255,000 due within one year. Table 5 summarizes notes outstanding.

Table 5
Outstanding Debt, at June 30

	Governmental Activities	
	2003	2004
General Obligation Bonds:		
2001 Permanent Improvement	<u>\$7,560,722</u>	<u>\$7,315,722</u>
Total General Obligation Notes	<u><u>\$7,560,977</u></u>	<u><u>\$7,315,722</u></u>

In 2000, the District passed a 2.23 mill bond levy, providing \$8.016 million for a building and other various capital improvements

At June 30, 2004, the District's overall legal debt margin was \$18,208,417 with an unvoted debt margin of \$283,602.

For the Future

Externally, the Ohio Supreme Court found the State of Ohio 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. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not "equitable" nor "adequate". The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court's concerns.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

MARIEMONT CITY SCHOOL DISTRICT, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS – (continued)
For the Fiscal Year Ended June 30, 2004
(Unaudited)

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Natalie Lucas, Treasurer at Mariemont City School District, 6743 Chestnut Street, Mariemont, OH 45227 or e-mail her at NLucas@MariemontSchools.org.

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2004**

	<u>Governmental Activities</u>
ASSETS:	
Equity in pooled cash and investments	\$6,434,475
Receivables:	
Taxes	12,780,260
Accounts	6,960
Materials and supplies inventory	1,916
Nondepreciable capital assets	7,894,250
Depreciable capital assets, net	1,503,345
Restricted assets:	
Equity in pooled cash and investments	<u>140,000</u>
TOTAL ASSETS	<u><u>\$28,761,206</u></u>
LIABILITIES:	
Accounts payable	\$99,226
Accrued wages and benefits	1,418,729
Deferred revenue	9,413,741
Intergovernmental payable	362,802
Accrued interest payable	31,702
Long-term liabilities	
Due within one year	320,005
Due within more than one year	<u>7,965,670</u>
TOTAL LIABILITIES	<u>19,611,875</u>
NET ASSETS:	
Invested in capital assets, net of related debt	2,053,900
Restricted for:	
Budget stabilization	140,000
Special Revenue	51,470
Debt Service	423,759
Capital Projects	734,745
Unrestricted	<u>5,745,457</u>
TOTAL NET ASSETS	<u><u>\$9,149,331</u></u>

See accompanying notes.

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
					<u>Governmental Activities</u>
Governmental activities:					
Instruction:					
Regular	\$7,920,268	\$171,990	\$83,520	\$0	(\$7,664,758)
Special	1,073,496	32,006	0	0	(1,041,490)
Adult	10,470	0	0	0	(10,470)
Other	74,886	10,165	0	0	(64,721)
Support services:					
Pupil	1,215,444	0	0	0	(1,215,444)
Instructional staff	988,356	7,269	189,180	0	(791,907)
General administration	9,936	0	6,245	0	(3,691)
School administration	1,278,929	0	0	0	(1,278,929)
Fiscal	426,432	0	0	0	(426,432)
Business	11,138	0	0	0	(11,138)
Operations & maintenance	1,981,891	53,144	0	0	(1,928,747)
Pupil transportation	500,733	0	0	2,543	(498,190)
Central	97,633	0	1,500	0	(96,133)
Non-instructional services	386,562	278,644	55,740	0	(52,178)
Extracurricular activities	523,459	157,912	0	0	(365,547)
Debt service:					
Interest and fiscal charges	389,927	0	0	0	(389,927)
Total governmental activities	\$16,889,560	\$711,130	\$336,185	\$2,543	(\$15,839,702)

General revenues:	
Property taxes levied for:	
General purposes	10,497,220
Debt Service	568,087
Grants and Entitlements not Restricted to Specific Programs	4,844,651
Earnings on Investments	86,588
Other revenues	99,679
Total general revenues	16,096,225
Change in net assets	256,523
Net assets beginning of year, restated	8,892,808
Net assets end of year	\$9,149,331

See accompanying notes.

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Equity in pooled cash and investments	\$5,378,236	\$1,056,239	\$6,434,475
Receivables:			
Taxes	12,135,073	645,187	12,780,260
Accounts	6,659	301	6,960
Inventory	0	1,916	1,916
Restricted cash and investments	140,000	0	140,000
TOTAL ASSETS	\$17,659,968	\$1,703,643	\$19,363,611
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts payable	\$98,904	\$322	\$99,226
Accrued wages and benefits	1,406,279	12,450	1,418,729
Deferred revenue	9,274,123	490,887	9,765,010
Intergovernmental payable	229,620	4,938	234,558
Compensated absences payable	39,900	0	39,900
Total liabilities	11,048,826	508,597	11,557,423
Fund Balances			
Reserved-			
Reserved for property tax advances	2,861,650	154,300	3,015,950
Reserved for encumbrances	0	176,296	176,296
Reserved for inventory	0	1,916	1,916
Reserved for budget stabilization	140,000	0	140,000
Unreserved, Undesignated, Reported in:			
General Fund	3,609,492	0	3,609,492
Special Revenue Funds	0	30,575	30,575
Debt Service Fund	0	265,963	265,963
Capital Projects Funds	0	565,996	565,996
Total fund balances	6,611,142	1,195,046	7,806,188
TOTAL LIABILITIES AND FUND BALANCES	\$17,659,968	\$1,703,643	\$19,363,611

See accompanying notes.

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2004**

Total Governmental Fund Balance \$7,806,188

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

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

Land and improvements	919,079	
Construction in progress	6,975,171	
Buildings and improvements	5,761,378	
Furniture and equipment	4,555,926	
Vehicles	589,564	
Accumulated depreciation	<u>(9,403,523)</u>	
Total Capital Assets		9,397,595

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

Taxes - delinquent receivables	<u>351,269</u>	
Total		351,269

In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources. (31,702)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	7,315,722	
Capital lease payable	27,973	
Intergovernmental payable	128,244	
Compensated absences	<u>902,080</u>	
Total		<u>(8,374,019)</u>

Net Assets of Governmental Activities \$9,149,331

See accompanying notes.

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Taxes	\$10,532,614	\$550,072	\$11,082,686
Tuition and fees	203,859	13,452	217,311
Charges for services	0	285,972	285,972
Earnings on investments	80,815	5,773	86,588
Extracurricular activities	0	171,860	171,860
Other local revenues	116,363	0	116,363
Intergovernmental	4,656,269	541,629	5,197,898
Total revenues	<u>15,589,920</u>	<u>1,568,758</u>	<u>17,158,678</u>
Expenditures:			
Current:			
Instruction:			
Regular	7,628,467	85,939	7,714,406
Special	956,597	98,817	1,055,414
Adult	0	10,125	10,125
Other	75,231	0	75,231
Support services:			
Pupil	913,763	189,032	1,102,795
Instructional staff	905,475	62,710	968,185
General administration	9,936	0	9,936
School administration	1,275,642	0	1,275,642
Fiscal	419,958	8,373	428,331
Business	10,993	0	10,993
Operations & maintenance	1,865,908	0	1,865,908
Pupil transportation	465,843	0	465,843
Central	83,058	15,000	98,058
Non-instructional services	0	355,038	355,038
Extracurricular activities	349,840	191,755	541,595
Capital Outlay	130,683	619,308	749,991
Debt service:			
Principal retirement	79,587	245,000	324,587
Interest and fiscal charges	4,294	385,991	390,285
Total expenditures	<u>15,175,275</u>	<u>2,267,088</u>	<u>17,442,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>414,645</u>	<u>(698,330)</u>	<u>(283,685)</u>
Other financing sources (uses):			
Transfers in	0	69,500	69,500
Transfers out	(69,500)	0	(69,500)
Total other financing sources (uses)	<u>(69,500)</u>	<u>69,500</u>	<u>0</u>
Net change in fund balances	345,145	(628,830)	(283,685)
Fund balances, July 1 (restated)	6,265,997	1,823,876	8,089,873
Fund balance, June 30	<u>\$6,611,142</u>	<u>\$1,195,046</u>	<u>\$7,806,188</u>

See accompanying notes

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Net Change in fund Balance - Total Governmental Funds (\$283,685)

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

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

Capital asset additions, net	743,928	
Depreciation expense	(500,004)	
Total Capital Assets	243,924	243,924

Other long-term assets that are not available to pay for current period expenditures and therefore are deferred in the funds. (31,898)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Note principal	245,000	
Lease principal	79,587	
Total	324,587	324,587

In the statement of activities, interest is accrued, whereas in the governmental funds, and interest expenditure is reported when due. 358

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Intergovernmental payable	15,999	
Compensated absences	(12,762)	
Total	3,237	3,237

Change in net assets of governmental activities \$256,523

See accompanying notes.

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	10,540,584	11,345,964	11,345,964	-
Tuition and fees	125,000	52,242	52,242	-
Earnings on investments	80,000	78,689	78,689	-
Intergovernmental	4,441,381	4,656,269	4,656,269	-
Other local revenues	190,000	265,076	265,076	-
Total revenues	<u>15,376,965</u>	<u>16,398,240</u>	<u>16,398,240</u>	-
Expenditures:				
Current:				
Instruction:				
Regular	7,773,095	7,676,345	7,676,345	-
Special education	1,060,160	885,696	885,696	-
Other instruction	72,500	75,359	75,359	-
Support services:				
Pupil	848,523	928,378	928,378	-
Instructional staff	1,097,892	986,041	986,041	-
General administration	10,225	9,936	9,936	-
School administration	1,315,681	1,271,163	1,271,163	-
Fiscal	375,865	413,605	413,605	-
Business	27,649	10,993	10,993	-
Operation and maintenance	1,883,205	1,888,446	1,888,446	-
Pupil transportation	375,715	475,292	475,292	-
Central	180,441	82,037	82,037	-
Extracurricular activities	371,340	328,216	328,216	-
Capital outlay	322,975	148,197	148,197	-
Total expenditures	<u>15,715,266</u>	<u>15,179,704</u>	<u>15,179,704</u>	-
Excess of revenues over expenditures	(338,301)	1,218,536	1,218,536	-
Other financing sources (uses):				
Advances out	-	(600)	(600)	-
Transfers out	(75,000)	(69,500)	(69,500)	-
Advances in	-	15,119	15,119	-
Other financing sources	-	121	121	-
Sale of assets	-	2,000	2,000	-
Total other financing sources (uses):	<u>(75,000)</u>	<u>(52,860)</u>	<u>(52,860)</u>	-
Net change in fund balance	(413,301)	1,165,676	1,165,676	-
Fund balance, beginning of year	4,157,784	4,157,784	4,157,784	-
Prior year encumbrances appropriated	100,944	100,944	100,944	-
Fund balance, end of year	<u>3,845,427</u>	<u>5,424,404</u>	<u>5,424,404</u>	-

See accompanying notes.

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2004**

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
ASSETS:		
Equity in pooled cash and investments	<u>\$85,739</u>	<u>\$41,498</u>
LIABILITIES:		
Due to others		<u>\$41,498</u>
NET ASSETS:		
Held in trust for Scholarships	<u>85,739</u>	
TOTAL NET ASSETS	<u>\$85,739</u>	

See accompanying notes.

**MARIEMONT CITY SCHOOL DISTRICT, OHIO
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
ADDITIONS:	
Interest	<u>\$612</u>
DEDUCTIONS:	
Award	<u>0</u>
Change in net assets	612
Net assets beginning of year	<u>85,127</u>
Net assets end of year	<u><u>\$85,739</u></u>

See accompanying notes.

MARIEMONT CITY SCHOOL DISTRICT, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004

NOTE A--DESCRIPTION OF THE DISTRICT

The District was chartered by the Ohio State Legislature. In 1853 state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 75 non-certificated personnel and 137 certificated full time teaching and administrative personnel to provide services to students and other community members. The District is the 16th largest in Hamilton County (among 22 Districts) in terms of enrollment. It currently operates 3 elementary schools, 1 junior high school (grades 7-8), and 1 high school (grades 9-12).

THE REPORTING ENTITY

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, preschool and student related activities of the District.

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

The District is associated with two organizations that are defined as jointly governed organizations. These organizations are H/CCA and Great Oaks Institute of Technology and Career Development and are presented in Note Q to the Basic Purpose Financial Statements.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues 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 are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

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 other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

FUND ACCOUNTING

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

Governmental Funds Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may 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 District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds report on net assets and changes in net assets. The District's fiduciary funds consist of a private-purpose trust fund and agency funds. The District's private-purpose trust fund accounts for scholarship programs for students from Fairfax Elementary. These assets are not available for the District's use. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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. 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal 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 fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

BUDGETARY DATA

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when encumbered, or paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

The actual results of operations, compared to the budget, which includes amendments, for each fund type by expenditure function and revenue by source are presented in the *Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Budgetary Basis)*. The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons.

The District adopts an annual budget for all governmental fund types. The specific timetable is as follows:

Prior to January 15 of the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the board-adopted budget is filed with the Hamilton County Budget Commission for tax rate determination.

Prior to April 1, the Board of Education accepts by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amount set forth in the final Amended Certificate.

By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized appropriation. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2004 and none were significant. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

The original appropriation measure was amended during the year as follows:

Fund Type

Governmental:

General

\$ (535,562)

ENCUMBRANCES

Encumbrance accounting is utilized by District Funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level. For governmental fund types encumbrances outstanding at fiscal year end appear as a reserve of the fund balance on a GAAP basis and for all budgeted funds as the equivalent of expenditures/expenses on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note O provides a reconciliation of the budgetary basis and GAAP basis of accounting.

CASH AND INVESTMENTS

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal year 2004, \$80,815 of interest revenue was credited to the general fund and \$5,773 was credited to the other governmental funds.

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. (If a quoted market price is not available, the methods and significant assumptions used to estimate the fair value of investments must be disclosed.) Non-participating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio), during fiscal year 2004. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2004.

RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve as required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2003	\$ 0	\$ 0	\$ 140,000
Current Year Set-aside Requirement	240,076	240,076	0
Additional Qualifying Disbursements	<u>(784,692)</u>	<u>(738,644)</u>	<u>140,000</u>
Total	<u>\$ (544,616)</u>	<u>\$(498,568)</u>	<u>\$ 140,000</u>
Set-aside Cash Balance as of June 30, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 140,000</u>

INVENTORY (MATERIALS AND SUPPLIES)

All inventories are valued at cost determined on a first-in, first-out basis. Inventory in governmental funds are recorded as expenditures in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements but are not reported in the governmental fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of fifteen hundred dollars. 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.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	10-40 years
Furniture and Equipment	5-15 years
Vehicles	10 years

COMPENSATED ABSENCES

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

The District's policies regarding compensated absences are determined by state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>VACATION</u>	<u>Certified</u>	<u>Administrators and Exempt</u>	<u>Non-Certificated</u>
How earned	Not Eligible	25 days	10-20 days for each service year depending on length of service.
Maximum Accumulation	Not Applicable	25 days	25 days
Vested	Not Applicable	25 days	25 days
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>SICK LEAVE</u>			
How earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	Unlimited	Unlimited	Unlimited
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

NET ASSETS

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

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

ESTIMATES

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

FUND EQUITY

Reserved fund balances indicate that portion of fund equity that is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property taxes, inventory and budget stabilization. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purpose of those funds.

NOTE C—FUND BALANCE / NET ASSET DEFICIT

The Schoolnet Professional Development and Chapter II Special Revenue Funds had deficit fund balances of \$3,850 and \$665, respectively, due to delays in cash being received to the District from the Ohio State Department of Education. The Extended Time Special Revenue Fund had a deficit fund balance of \$12,330 due to the decrease in enrollment.

NOTE D--EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments".

State Statute requires the classification of monies held by the District into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposits accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that 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 pass book accounts.

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
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 moneys 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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At year end the carrying amount of the District's deposits was \$1,030,965. The bank balance of deposits was \$1,041,280. Of the bank balance, \$100,000 was covered by federal depository insurance and \$941,280 was covered by collateral held by third party trustees pursuant to Section 135.181 Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Investments

The Governmental Accounting Standards Board has established categories to give an indication of the level of risk assumed by the entity at year end. CATEGORY 1 includes investments that are issued or registered or for which the securities are held by the District or its agent in the District's name. CATEGORY 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. CATEGORY 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at June 30, 2004 are classified as follows:

	<u>Category</u>		Carrying	Fair
1	2	3	Value	Value
State Treasury Pool ¹			\$4,107,057	\$4,107,057
US Treasury Bonds and Notes	\$1,563,690		<u>1,563,690</u>	<u>1,563,690</u>
Total Investments	<u>\$1,563,690</u>		<u>\$5,670,747</u>	<u>\$5,670,747</u>

¹ The District's investment in the Ohio State Treasurer's pool is not categorized because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NOTE E--PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2004 were based are as follows:

Tangible personal property	\$ 28,063,930
Real estate	<u>255,537,610</u>
Total assessed property value	<u>\$283,601,540</u>

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at twenty-five percent of true value (as defined). In 2004, each business was eligible to receive a \$10,000 exemption in assessed value, which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2004, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due June 20th.

The County Auditor remits portions of the taxes collected to all taxing Districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes that are measurable at June 30, 2004. Property tax advances available at year end and delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2004. All other tax receivables are recorded with an offset credit to deferred revenue, because although measurable, they are intended to finance the next fiscal year's operations.

NOTE F--RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts receivable, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose of the nonpayment of taxes, the stable condition of State Programs, and the current year guarantee of Federal Funds.

NOTE G—CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Balance 6/30/2003	Additions	Deductions	Balance 6/30/2004
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$919,079	\$0	\$0	\$919,079
Construction in progress	6,333,924	641,247	0	6,975,171
Capital Assets being depreciated:				
Building and improvements	5,754,002	7,376	0	5,761,378
Furniture and equipment	4,467,060	92,705	3,839	4,555,926
Vehicles	586,964	2,600	0	589,564
Total historical cost	<u>18,061,029</u>	<u>743,928</u>	<u>3,839</u>	<u>18,801,118</u>
Less accumulated depreciation:				
Building and improvements	5,197,885	84,839	0	5,282,724
Furniture and equipment	3,292,024	376,832	3,839	3,665,017
Vehicles	417,449	38,333	0	455,782
Total accumulated depreciation	<u>8,907,358</u>	<u>500,004</u>	<u>3,839</u>	<u>9,403,523</u>
Governmental Activities Capital Assets, net	<u>\$9,153,671</u>	<u>\$243,924</u>	<u>\$0</u>	<u>\$9,397,595</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$234,397
Special	6,468
Support services:	
Instructional staff	38,678
School administration	24,113
Business	145
Operations & maintenance	149,233
Pupil transportation	38,003
Non-instructional services	7,563
Extracurricular activities	<u>1,404</u>
 Total Depreciation Expense	 <u><u>\$500,004</u></u>

NOTE H--CAPITALIZED LEASES - LESSEE

In prior years, the District has entered into capitalized leases for the acquisition of phone and office and energy conservation equipment. The terms of each agreement provide options to purchase the equipment. The cost of equipment under capital lease at June 30, 2004 is \$333,101. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service in the basic financial statements for the governmental funds.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

June 2005	\$ 25,982
June 2006	<u>2,901</u>
Total Payments	\$ 28,883
Less: Amounts representing Interest	<u>910</u>
Present Value of Minimum Lease Payments	\$ <u>27,973</u>

NOTE I-- LONG-TERM LIABILITIES

In 2001, the District issued \$8,015,722 of general obligation bonds. The purpose of the bonds is to provide general, ongoing permanent improvements consisting of building renovations, improvements and repair. The bond issue is a general obligation of the school district for which the full faith and credit of the school district is pledged for repayment. The following is a description of the District's long term bonds outstanding as of June 30, 2004:

<u>Purpose</u>	<u>Balance July 1, 2003</u>	<u>Addition 2004</u>	<u>Retirement 2004</u>	<u>Balance June 30, 2004</u>
Bonds:				
Permanent Improvement	\$ 7,560,722	\$ 0	\$ 245,000	\$ 7,315,722
Interest Rate – 6.34%				
Issue Date – 8/01/01				
Maturity Date – 12/01/26				

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

Year Ending June 30,	Principal	Interest	Total
2005	\$255,000	\$375,533	\$630,533
2006	265,000	372,527	637,527
2007	280,000	349,785	629,785
2008	290,000	336,318	626,318
2009	255,000	374,553	629,553
2010-14	821,678	2,332,537	3,154,215
2015-19	1,549,044	1,576,924	3,125,968
2020-24	2,430,000	670,284	3,100,284
2025-26	1,170,000	65,175	1,235,175
Total	<u>\$7,315,722</u>	<u>\$6,453,636</u>	<u>\$13,769,358</u>

NOTE J--CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2004, the following changes occurred in long-term liabilities:

	June 30, 2003	Additions	Deductions	June 30, 2004	Amounts Due in One Year
Governmental Activities					
Bonds Payable	\$7,560,722	\$0	\$245,000	\$7,315,722	\$255,000
Compensated Absences	942,804	0	824	941,980	39,900
Capital Leases	107,560	0	79,587	27,973	25,105
Total Governmental Activities					
Long-Term Liabilities	<u>\$8,611,086</u>	<u>\$0</u>	<u>\$325,411</u>	<u>\$8,285,675</u>	<u>\$320,005</u>

NOTE K--LEGAL DEBT MARGIN

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$18,208,417 and an unvoted debt margin of \$283,602.

NOTE M-EMPLOYEE RETIREMENT SYSTEMS

STATE TEACHERS RETIREMENT SYSTEM

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available 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 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers 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. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. 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. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for survivor benefits. 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.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 13 percent of annual covered salary was the portion used to fund pension obligations. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,050,197, \$1,034,547, and \$1,030,249 respectively; 93 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. With \$65,258 representing the unpaid contribution for fiscal year 2004, it is recorded as a liability within the respective funds.

SCHOOL EMPLOYEES RETIREMENT SYSTEM

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2004, 9.09 percent was the portion 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$524,244 and \$476,500 and \$467,855, respectively. The District has contributed 63 percent for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002.

NOTE N—POSTEMPLOYMENT BENEFITS

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

STRS 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 Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled approximately \$75,000 during the 2004 fiscal year. STRS pays health care benefits from the Health Care Reserve Fund. For the year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000 and STRS had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For this fiscal year, employer contributions to fund health care benefits were 4.91 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 fiscal year 2004, the minimum pay has been established as \$25,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, results in a total health care 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% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 were \$223.4 million and the target level was \$335.2 million. At June 30, 2004, the Retirement System's net assets available for payment of health care benefits was \$300.8 million. For the District, the amount to fund health care benefits, including surcharge, equaled approximately \$227,000 during the 2004 fiscal year. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE O--BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows:

	Net Change in Fund Balance Major Governmental Funds
	General Fund
GAAP Basis	\$ 345,145
Revenue Accruals	808,320
Expenditure Accruals	89,468
Other Sources and Uses Accruals	16,640
Encumbrances	<u>(93,897)</u>
Budgetary Basis	<u>\$ 1,165,676</u>

NOTE P--CONTINGENT LIABILITIES

GRANTS

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2004.

LITIGATION

Currently, no litigation is pending against the District.

NOTE Q—JOINTLY GOVERNED ORGANIZATIONS

HAMILTON/CLERMONT COOPERATIVE ASSOCIATION

The Hamilton/Clermont Cooperative Association (H/CCA) is a governmental jointly governed organization among two county consortium of school districts. 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 districts. Each of the governments of these schools supports H/CCA based upon a per pupil charge dependent upon the software package utilized. H/CCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

GREAT OAKS INSTITUTE OF TECHNOLOGY AND CAREER DEVELOPMENT

The Great Oaks Institute of Technology and Career Development (Great Oaks), a jointly governed organization, 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 participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the District. The District has no ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

NOTE R--RISK MANAGEMENT

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles and general liability insurance. Vehicle policies include liability coverage for bodily injury and property damage. Payments have not exceeded this coverage in any of the past three years. There has been no significant decline in coverage from the prior year.

NOTE S--SCHOOL FUNDING DECISION

On December 11, 2002, the Supreme Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE T – INTERFUND TRANSACTIONS

During the year ended June 30, 2004, the General Fund made transfers of \$69,500 to non-major governmental funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE U -- PRIOR PERIOD ADJUSTMENT

RESTATEMENT OF FUND BALANCE/NET ASSETS

During 2004, the District's enterprise funds were reclassified as special revenue funds. The beginning net asset/fund balances of special revenue, enterprise, and governmental activities has been adjusted as follows for that reclassification:

	Fund Level		Entity-Wide
	Nonmajor Governmental	Enterprise	Governmental Activities
June 30, 2003 Fund Balance/ Net Assets, as previously stated	\$1,839,667	\$47,224	\$8,845,584
Fund Reclassification	<u>(15,791)</u>	<u>(47,224)</u>	<u>47,224</u>
June 30, 2003 Fund Balance/ Net Assets, as restated	<u>\$1,823,876</u>	<u>\$0</u>	<u>\$8,892,808</u>

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Mariemont City School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mariemont City School District as of and for the year ended June 30, 2004, which collectively comprise Mariemont City School District's basic financial statements and have issued our report thereon dated December 14, 2004. 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 Mariemont City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance And Other Matters

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

This report is intended for the information and use of management and the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 14, 2004



**Auditor of State
Betty Montgomery**

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**MARIEMONT CITY SCHOOL DISTRICT
HAMILTON COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 10, 2005**