

JOINT INSURANCE HEALTH PLAN TRUST  
FOR THE BENEFIT OF NORTH RIDGEVILLE  
CITY SCHOOL DISTRICT EMPLOYEES  
(A COMPONENT UNIT OF  
NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
December 31, 2005 and 2004







**Auditor of State  
Betty Montgomery**

Board of Trustees  
Joint Insurance Health Plan Trust for the  
Benefit of North Ridgeville City School District Employees  
10045 College Park  
Concord, Ohio 44060

We have reviewed the *Independent Auditors' Report* of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees, Lorain County, prepared by Bober, Markey, Fedorovich & Company, for the audit period January 1, 2005 through December 31, 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 Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 12, 2006

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JOINT INSURANCE HEALTH PLAN TRUST FOR THE BENEFIT  
OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)

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**Bober, Markey, Fedorovich  
& Company**

*Certified Public Accountants / Business Advisors  
A Professional Corporation*

411 Wolf Ledges Parkway  
Suite 400  
Akron, Ohio 44311-1040  
330.762.9785  
FAX 330.762.3108  
[www.bobermarkey.com](http://www.bobermarkey.com)

INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Joint Insurance Health Plan Trust for the Benefit  
of North Ridgeville City School District Employees  
(A Component Unit of North Ridgeville City School District)  
North Ridgeville, Ohio

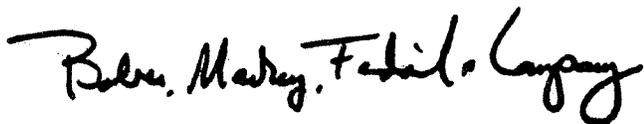
We have audited the accompanying balance sheets of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees (A Component Unit of North Ridgeville City School District) (the Trust), as of December 31, 2005 and 2004, and the related statements of revenues, expenses and changes in fund equity and cash flows for the year and for the nine months then ended, respectively. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in the Governmental Auditing Standards, issued by the Comptroller 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2005 and 2004 and its revenues, expenses and changes in fund equity and its cash flows for the year and for the nine months ended, respectively, 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 June 2, 2006 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, 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 information in the Management Discussion and Analysis on pages 3 - 5 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.



BOBER, MARKEY, FEDOROVICH & COMPANY

June 2, 2006



JOINT INSURANCE HEALTH PLAN TRUST  
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

As Management of the Joint Insurance Health Plan for the Benefit of North Ridgeville City School District Employees (Trust), we present a narrative overview and analysis of the financial activities of the Trust for the year ended December 31, 2005. Please read this in conjunction with additional information found within the body of the audit.

### FINANCIAL HIGHLIGHTS

- As a result of the Trust plan year changing to a calendar year beginning April 1, 2004 the financial statements for the period ending December 31, 2004 are for a nine month period.
- The beginning cash and investment balance for the Trust was \$574,419 and \$518,938 as of January 1, 2005 and April 1, 2004, respectively.
- The January 1, 2005 – December 31, 2005 budget was set at \$2,990,873; however, it was funded at \$2,956,670. The April 1, 2004 – December 31, 2004 budget was set at \$2,327,400; however, it was funded at \$2,187,974.
- Large medical claims (those in excess of \$10,000) incurred for the period from January 1, 2005 to December 31, 2005 represented 69.8% of medical claims and totaled \$1,318,040 and for the year April 1, 2004 to December 31, 2004 represented 69% of medical claims and totaled \$894,750.
- The Trust did not make any benefit changes and employee payroll contributions remained unchanged for the January 1, 2005 – December 31, 2005 budget.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Trust basic financial statements which is a component unit of the North Ridgeville City School District. The Trust's basic financial statements are comprised of four components: 1) Balance Sheets, 2) Statements of Revenues, Expenses and Changes in Fund Equity, 3) Statements of Cash Flows and 4) Notes to Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Balance Sheets – Presents information on all the Trust assets and liabilities, with the difference between the two reported as fund equity. Over time, increases or decreases in fund equity may serve as a useful indicator of whether the financial position of the Trust is improving or deteriorating.



JOINT INSURANCE HEALTH PLAN TRUST  
 FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
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 MANAGEMENT DISCUSSION AND ANALYSIS  
 FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Statements of Revenues and Changes in Fund Equity –Presents information showing how the Trust fund equity changed during the most recent fiscal year. All changes in fund equity are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Statements of Cash Flows – Presents information on the changes in the cash balances and details as to how cash was provided and used.

Notes to Financial Statements – Provides readers with additional information and required disclosures that are essential to a full understanding of the data provided in the Trust financial statements.

**FINANCIAL ANALYSIS OF THE TRUST AS OF DECEMBER 31, 2005 AND DECEMBER 31, 2004**

The Trust's equity decreased by \$199,203 for the year end December 31, 2005. A portion of the equity is restricted for funding of the run-out-reserve.

	December 31, 2005	December 31, 2004
Current and other assets	\$ 503,800	\$ 628,208
<b>TOTAL ASSETS</b>	<u>503,800</u>	<u>628,208</u>
Current liabilities	496,502	421,707
<b>TOTAL LIABILITIES</b>	<u>496,502</u>	<u>421,707</u>
Restricted fund equity	665,000	498,000
Unrestricted fund equity (deficit)	(657,702)	(291,499)
<b>TOTAL FUND EQUITY</b>	<u>\$ 7,298</u>	<u>\$ 206,501</u>

**COMMENTS ON BUDGET COMPARISONS**

- The Trust's total revenue for the fiscal year ended December 31, 2005 was \$2,982,983 and was \$2,203,150 for the nine months ended December 31, 2004.
- The Trust's total expenses were \$3,191,313 and \$2,194,359 for the year ended December 31, 2005 and for the nine months ended December 31, 2004, respectively.
- The Trust's actual 2005 expenses compared to the 2005 budget expenses varied due to higher actual medical and drug claims (\$200,200) and lower actual, dental and vision claims than projected (\$5,491).



JOINT INSURANCE HEALTH PLAN TRUST  
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

The following table presents a summary of operating revenue and expense for the year ended December 31, 2005 and nine months ended December 31, 2004, respectively.

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
REVENUES		
Contributions:		
Employer	\$ 2,623,920	\$ 1,933,848
Employees	332,750	254,130
COBRA	<u>26,313</u>	<u>15,172</u>
TOTAL REVENUES	<u>2,982,983</u>	<u>2,203,150</u>
EXPENSES		
Medical claims	1,887,836	1,294,451
Dental claims	181,495	130,097
Vision claims	28,963	22,377
Prescription claims	643,055	412,943
Medical stop-loss	170,029	116,964
Accounting	8,400	8,677
Actuarial	34,196	29,327
Trust management	10,361	13,829
Legal fees	999	5,902
Bank fees	4,520	2,311
Insurance	1,516	1,137
Printing costs	164	-
Miscellaneous	489	274
Medical administration	182,092	131,410
Vision administration	8,431	6,104
Dental administration	20,202	14,315
Prescription administration	<u>8,565</u>	<u>4,241</u>
TOTAL OPERATING EXPENSES	<u>3,191,313</u>	<u>2,194,359</u>
NET CHANGE IN FUND EQUITY BEFORE		
OTHER REVENUE	(208,330)	8,791
OTHER REVENUE		
Interest income	<u>9,127</u>	<u>2,078</u>
NET CHANGE IN FUND EQUITY	(199,203)	10,869
FUND EQUITY - BEGINNING OF YEAR	<u>206,501</u>	<u>195,632</u>
FUND EQUITY - END OF YEAR	<u>\$ 7,298</u>	<u>\$ 206,501</u>



JOINT INSURANCE HEALTH PLAN TRUST  
 FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
 (A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
 BALANCE SHEETS  
 DECEMBER 31, 2005 AND 2004

	2005	2004
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 173,453	\$ 574,419
Investments, at fair value	301,768	-
Accounts receivable - employees payroll contributions	-	27,770
Prepaid expenses	28,579	26,019
<b>TOTAL ASSETS</b>	<b>\$ 503,800</b>	<b>\$ 628,208</b>
<b>LIABILITIES</b>		
Current Liabilities		
Vouchers payable	\$ 154,202	\$ 109,707
Liability for incurred but not reported claims	342,300	312,000
<b>TOTAL LIABILITIES</b>	496,502	421,707
<b>FUND EQUITY (DEFICIT)</b>		
Restricted	665,000	498,000
Unrestricted	(657,702)	(291,499)
<b>TOTAL FUND EQUITY</b>	<b>7,298</b>	<b>206,501</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 503,800</b>	<b>\$ 628,208</b>

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



JOINT INSURANCE HEALTH PLAN TRUST  
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY  
For the Year Ended December 31, 2005 and the Nine Months Ended December 31, 2004

	<u>2005</u>	<u>2004</u>
REVENUES		
Contributions:		
Employer	\$ 2,623,920	\$ 1,933,848
Employees	332,750	254,130
COBRA	<u>26,313</u>	<u>15,172</u>
TOTAL REVENUES	2,982,983	2,203,150
EXPENSES		
Medical claims	1,887,836	1,294,451
Dental claims	181,495	130,097
Vision claims	28,963	22,377
Prescription claims	643,055	412,943
Medical stop-loss	170,029	116,964
Accounting	8,400	8,677
Actuarial	34,196	29,327
Trust management	10,361	13,829
Legal fees	999	5,902
Bank fees	4,520	2,311
Insurance	1,516	1,137
Printing costs	164	-
Miscellaneous	489	274
Medical administration	182,092	131,410
Vision administration	8,431	6,104
Dental administration	20,202	14,315
Prescription administration	<u>8,565</u>	<u>4,241</u>
TOTAL OPERATING EXPENSES	<u>3,191,313</u>	<u>2,194,359</u>
NET CHANGE IN FUND EQUITY BEFORE OTHER REVENUE	(208,330)	8,791
OTHER REVENUE		
Investment income	<u>9,127</u>	<u>2,078</u>
NET CHANGE IN FUND EQUITY	(199,203)	10,869
FUND EQUITY - BEGINNING OF YEAR	<u>206,501</u>	<u>195,632</u>
FUND EQUITY - END OF YEAR	<u>\$ 7,298</u>	<u>\$ 206,501</u>

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



JOINT INSURANCE HEALTH PLAN TRUST  
 FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
 (A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
 STATEMENTS OF CASH FLOWS  
 For the Year Ended December 31, 2005 and the Nine Months Ended December 31, 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash contributions received from employer	\$ 2,623,920	\$ 1,933,848
Cash contributions received from employees	360,520	255,390
Cash received for COBRA premiums	26,313	15,172
Cash received for investment interest earned	12,950	2,078
Cash payments for benefit plan claims	(2,864,897)	(1,973,267)
Cash payments for benefit providers' administration fees	(200,506)	(107,842)
Cash payments for plan administration and operating expenses	<u>(53,675)</u>	<u>(69,898)</u>
NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	<u>(95,375)</u>	<u>55,481</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfer to investment account	<u>(305,591)</u>	<u>-</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(305,591)</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(400,966)	55,481
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>574,419</u>	<u>518,938</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 173,453</u>	<u>\$ 574,419</u>
RECONCILIATION OF NET CHANGE IN FUND EQUITY TO NET		
CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:		
Net change in fund equity	\$ (199,203)	\$ 10,869
Adjustments to reconcile net change in fund equity		
to net cash provided by operating activities:		
Net depreciation in fair value of investments	3,823	-
Changes in assets and liabilities		
Accounts receivable	27,770	1,260
Prepaid expenses	(2,560)	21
Vouchers payable	44,495	53,331
Liability for incurred but not reported claims	<u>30,300</u>	<u>(10,000)</u>
NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (95,375)</u>	<u>\$ 55,481</u>

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



JOINT INSURANCE HEALTH PLAN TRUST  
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004

NOTE 1 - DESCRIPTION OF THE TRUST

The following description of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees (Trust) provides only general information. Participants should refer to the Trust document for a more complete description of the Trust's provisions.

General

The Trust was established on January 1, 1998 and was funded on April 1, 1998 to provide health care benefits to the employees of the North Ridgeville City School District (District). The Trust is a component unit of the District, as defined pursuant to Governmental Accounting Standards and Statement No. 14, "The Financial Reporting Entity". The Trust is directed by a ten-member Board of Trustees, four members appointed by the District's Superintendent and six members appointed by Local 276, OAPSE, North Ridgeville Education Association and AFSCME/AFL-CIO (Unions). The District reports the Trust as an internal service fund which is defined as a fund to account for the financing of goods or services provided by one department or agency to governmental units, on a cost-reimbursement basis. The Trust applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, FASB pronouncements are applied unless they conflict with or contradict GASB pronouncements.

The Trust changed its year end to December 31 in 2004, therefore the prior year presentation reflects only nine months of activity.

Benefits

The Trust provides benefits for hospitalization, medical, dental, vision, and prescription drugs as provided for in the collective bargaining agreement and as may be authorized or permitted by law for eligible District employees, their families and dependents. In order to manage its claims risks, the Trust has purchased stop-loss coverage for individual claims during the policy years in excess of \$100,000 for the years ended December 31, 2005 and 2004.

Contributions

The District makes contributions to the Trust in amounts equal to a budgeted level of funding needs as calculated by an actuary, but is subject to minimum levels as established by the collective bargaining agreement. Additional funds are paid to the Administrator to cover costs of administering the Trust. The District makes certain pre-funding contributions to the Trust, which are to fund future benefit expenses.

Termination

Although it has not expressed any intention to do so, the District has the right to terminate the Trust, under the provisions set forth by the collective bargaining agreement.



JOINT INSURANCE HEALTH PLAN TRUST  
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004

Cost-Sharing

The Trust provides for a sharing of cost between eligible participants in the plan covered by the Trust and the District. The cost-sharing is based upon a calculation of plan income as compared to the larger of the plan's current year budget or the plan's 1998 budget for costs. The participants 50% share may be funded through payroll contributions, benefit reductions, or a combination of both.

Reclassifications

Certain amounts in the December 31, 2004 financial statements have been reclassified to conform to the December 31, 2005 presentation.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

Cash and Cash Equivalents and Deposits

The Trust invests their cash in money market funds. The Trust maintains all of its cash balances with one bank. The Federal Deposit Insurance Corporation (FDIC) insures such cash balances to a maximum of \$100,000.

For purposes of the statement of cash flows, the Trust considers all highly liquid instruments purchased with a maturity of ninety days or less to be cash equivalents.

At December 31, 2005 and 2004, the carrying amount of the Trust's deposits was \$173,453 and \$574,419, respectively, and the bank balance was the same, all of which was covered by federal depository insurance or by collateral held by a qualified third party trustee in the name of the Trust.

The Trust documents specifically require the maintenance of an insurance reserve, consisting of cash and investments, to provide a minimum funding level within the Trust to provide for future claims. At December 31, 2005 and 2004 this calculated reserve amount was \$665,000 and \$498,000, respectively. The Trustees authorized use of this reserve to subsidize Trust expenses with an understanding that the funds would be replenished by increasing employee and District contributions and changes in benefits provided. This amount is reflected as restricted in the fund equity section of the balance sheet.



JOINT INSURANCE HEALTH PLAN TRUST  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004

The required balance in the run-out reserve is an amount equal to the incurred but unreported claims liability as calculated by the actuary. The balance in the run-out reserve was calculated to be \$342,300 and \$312,000 at December 31, 2005 and 2004 respectively. The balance in the reserve was not fully funded at December 31, 2005 but in April, 2006 the Board transferred the required amount to fund the reserve from the operating account. The balance in the run-out reserve at December 31, 2004 was fully funded.

Concentration of Credit Risk

The trust is insured through Travelers Property Casualty for employee dishonesty coverage. A fiduciary bond of \$1,000,000 is maintained for the Trustees, the Trust actuary, and the Trust manager.

Use of Estimates

In preparing the Trust's financial statements, the Trustees are required to make estimates and assumptions that affect the reported amounts of Trust assets, liabilities, and benefit obligations, and the reported increases and reductions of Trust assets during the reporting period. Actual results could differ from those estimates.

Trust Benefits

Trust liabilities for health claims incurred but not reported are reflected in the Trust's balance sheets and the related statements of revenues, expenses and changes in fund equity. The Trust's independent actuary estimated claims incurred but not reported as of December 31, 2005 and 2004 based on historical trends.

Cost Savings

The Trust provides for a cost savings calculation in order to distribute any savings by the plan over the contributed amount, as adjusted by certain items. For the years ended December 31, 2005 and 2004, the cost savings calculation resulted in an excess of costs over revenue, therefore, there was not an amount distributable to the employees and the District.

NOTE 3 – INVESTMENTS

The Trust's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Trust. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Trust's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Trust's name. All the Trust investments are categorized as Category 1.



JOINT INSURANCE HEALTH PLAN TRUST  
 FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
 (A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2005 and 2004

The following table presents investments at market value as of December 31, 2005. There were no investments as of December 31, 2004. Investments are held in the form of U.S. Treasury Notes and U.S. Government Bonds, and are not insured by the FDIC. Individual investments in excess of 5% of assets are separately presented.

<u>Treasury Notes</u>	
3.000% due 2/15/2008	\$ 38,869
2.250% due 2/15/2007	39,037
3.000% due 2/15/2009	38,387
3.500% due 2/15/2010	38,694
<u>U.S Government Bonds</u>	
3.350% due 12/26/2008	48,083
4.400% due 12/28/2009	49,388
4.375% due 3/9/2010	<u>49,310</u>
Total Investments	<u>\$ 301,768</u>

NOTE 4 - FEDERAL INCOME TAXES

The Plan established under the Trust is qualified pursuant to the Section 501(c)(9) of the Internal Revenue Code, and, accordingly, the Trust's net investment income is exempt from income taxes. The Plan obtained its latest determination letter on January 13, 1999, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax council believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE 5 - UNPAID CLAIMS LIABILITIES

The trust establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the Trust during the past two years.



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FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES  
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 371,269	\$ 360,832
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	<u>3,083,649</u>	<u>2,171,868</u>
Total incurred claims and claim adjustment expenses	3,454,918	2,532,700
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	2,670,640	1,800,599
Claims and claim adjustment expenses attributable to insured events of prior years	<u>371,269</u>	<u>360,832</u>
Total payments	<u>3,041,909</u>	<u>2,161,431</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 413,009</u>	<u>\$ 371,269</u>
Schedule of unpaid claims and claim adjustment expenses at end of year:		
Portion of vouchers payable that relates to claims expenses	\$ 70,709	\$ 59,269
Liability for incurred but not reported claims	<u>342,300</u>	<u>312,000</u>
	<u>\$ 413,009</u>	<u>\$ 371,269</u>





**Bober, Markey, Fedorovich  
& Company**

Certified Public Accountants / Business Advisors  
A Professional Corporation

411 Wolf Ledges Parkway  
Suite 400  
Akron, Ohio 44311-1040  
330.762.9785  
FAX 330.762.3108  
www.bobermarkey.com

INDEPENDENT AUDITORS' 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

Board of Trustees  
Joint Insurance Health Plan Trust for the Benefit  
of North Ridgeville City School District Employees  
(A Component Unit of North Ridgeville City School District)  
North Ridgeville, Ohio

We have audited the financial statements of Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees ( A Component Unit of North Ridgeville City School District) (the Trust) as of and for the year ended December 31, 2005 and have issued our report thereon dated June 2, 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 the *Governmental Auditing Standards*, issued by the Comptroller of the United States.

Internal Control Over Financial Reporting

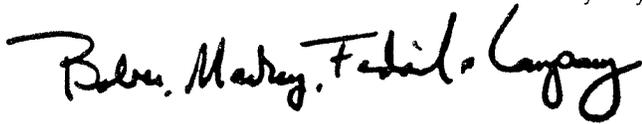
In planning and performing our audit, we considered Trust's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our 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 operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we 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 solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.



BOBER, MARKEY, FEDOROVICH & COMPANY

June 2, 2006





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**JOINT INSURANCE HEALTH PLAN TRUST FOR THE BENEFIT OF NORTH  
RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES**

**LORAIN 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  
JULY 25, 2006**