



**OME-RESA HEALTH BENEFITS CONSORTIUM  
JEFFERSON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2000 -1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**OME-RESA HEALTH BENEFITS CONSORTIUM  
JEFFERSON COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

OME-RESA Health Benefits Consortium  
Jefferson County  
2023 Sunset Boulevard  
Steubenville, Ohio 43952

To the Board of Trustees:

We have audited the accompanying financial statements of OME-RESA Health Benefits Consortium, Jefferson County, Ohio, (the Consortium) as of and for the years ended June 30, 2000 and June 30, 1999. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Consortium prepares its financial statements on the cash basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of OME-RESA Health Benefits Consortium as of June 30, 2000 and June 30, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2000 on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

October 20, 2000

**OME-RESA HEALTH BENEFITS CONSORTIUM  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND CASH  
BALANCES - ALL PROPRIETARY FUNDS AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<b>Totals (Memorandum Only)</b>
	<b>Internal Service</b>	<b>Agency</b>	
<b>Operating Cash Disbursements:</b>			
Insurance		\$523,381	\$523,381
Purchased Services	\$1,416,273	27,184,306	28,600,579
Total Operating Cash Disbursements	1,416,273	27,707,687	29,123,960
Operating (Loss)	(1,416,273)	(27,707,687)	(29,123,960)
<b>Non-Operating Cash Receipts:</b>			
Other non-operating receipts	1,210,353	28,289,607	29,499,960
Total non-operating revenues	1,210,353	28,289,607	29,499,960
Net Excess of Revenues Over/(Under) Expenses	(205,920)	581,920	376,000
Fund cash balances, July 1	581,474	11,481,133	12,062,607
<b>Fund cash balances, June 30</b>	<b><u>\$375,554</u></b>	<b><u>\$12,063,053</u></b>	<b><u>\$12,438,607</u></b>

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

**OME-RESA HEALTH BENEFITS CONSORTIUM  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND CASH  
BALANCES - ALL PROPRIETARY FUNDS AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<b>Totals (Memorandum Only)</b>
	<b>Internal Service</b>	<b>Agency</b>	
<b>Operating Cash Disbursements:</b>			
Insurance		\$2,862,510	\$2,862,510
Purchased Services	\$1,076,540	24,211,745	25,288,285
Total Operating Cash Disbursements	1,076,540	27,074,255	28,150,795
Operating (Loss)	(1,076,540)	(27,074,255)	(28,150,795)
Other non-operating receipts	1,071,400	27,428,198	28,499,598
Net receipts over/(under) disbursements	(5,140)	353,943	348,803
Fund cash balances, July 1	586,614	11,127,190	11,713,804
<b>Fund cash balances, June 30</b>	<b><u>\$581,474</u></b>	<b><u>\$11,481,133</u></b>	<b><u>\$12,062,607</u></b>

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



**OME-RESA HEALTH BENEFITS CONSORTIUM  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Ohio Mid-Eastern Region Education Service Agency (OME-RESA) Health Benefits Consortium, (the "Consortium") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Consortium is a council of government as defined by Chapter 167 of the Ohio Revised Code. The Consortium operates under a board of directors (5 members) elected by the participating districts. The Consortium provides a cooperative program to the employees and eligible dependents of the participating districts.

The Consortium's management believes these financial statements present all activities for which the Consortium is financially accountable.

The Jefferson County Educational Service Center is not a part of the Consortium. This is a separate reporting entity with separate financial statements.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit and U.S. Treasury Notes are valued at cost. The Consortium also has an interest bearing checking account.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

The Consortium uses fund accounting to segregate cash and investments that are restricted as to use. The Consortium classifies its funds into the following types:

**1. Internal Service Funds**

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Consortium had the following significant internal service fund:

**OME-RESA HEALTH BENEFITS CONSORTIUM  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Health Benefits Service Fund - This fund accounts for the amounts paid by member school districts for to cover the costs of administering self insurance benefits.

**2. Fiduciary Funds (Agency Fund)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Consortium is acting in an agency capacity. The Consortium had the following significant fiduciary fund:

The Self Insurance Benefits Fund - This fund is used to account for the premiums paid for employees of each member school district.

**E. Budgetary Process**

The budgetary process is not a requirement of the Consortium.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Consortium maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 was as follows:

	<b>2000</b>	<b>1999</b>
Demand deposits	\$ 376,607	\$ 1,335,607
Certificates of deposit	7,242,000	5,907,000
Total deposits	7,618,607	7,242,607
Treasury Notes	<u>4,820,000</u>	<u>4,820,000</u>
Total deposits and investments	<u>\$12,483,607</u>	<u>\$12,062,607</u>

**Deposits:** Deposits are either (1) insured by Federal Depository Insurance Corporation, or (2) collateralized by securities pledged by the financial institution to the Consortium.

**Investments:** U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Consortium's financial institution. The financial institution maintains records identifying the Consortium as owner of these securities.

**OME-RESA HEALTH BENEFITS CONSORTIUM  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**3. RISK MANAGEMENT**

**Stop Loss Insurance**

The Consortium contracts with American Stop Loss to provide specific and aggregate stop loss insurance with a lifetime maximum per individual of \$1,000,000.

**Life Insurance**

The Consortium contracts with Lexington Insurance Company to provide employee life, accidental death and dismemberment and dependent life insurance.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

OME-RESA Health Benefits Consortium  
Jefferson County  
2023 Sunset Boulevard  
Steubenville, Ohio 43952

To the Board of Trustees:

We have audited the financial statements of OME-RESA Health Benefits Consortium, Jefferson County, Ohio, (the Consortium) as of and for the years ended June 30, 2000 and June 30, 1999, and have issued our report thereon dated October 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Consortium's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Consortium's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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.

OME-RESA Health Benefits Consortium  
Jefferson County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by Government Auditing Standards  
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This report is intended for the information and use of the audit committee, management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

October 20, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**OME-RESA HEALTH BENEFITS CONSORTIUM**

**JEFFERSON 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  
DECEMBER 14, 2000**