

Buckeye Joint-County Insurance Council

Lawrence County

Regular Audit

January 1, 2004 through December 31, 2005

Fiscal Years Audited Under GAGAS: 2005 - 2004

BALESTRA, HARR & SCHERER, CPAs, INC.

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Mary Taylor, CPA
Auditor of State

Members of Council
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P.O. Box 702
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We have reviewed the *Independent Auditor's Report* of the Buckeye Joint County Self Insurance Council, Lawrence County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 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 Buckeye Joint County Insurance Council is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 12, 2007

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**BUCKEYE JOINT-COUNTY INUSRANCE COUNCIL
LAWRENCE COUNTY, OHIO
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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Independent Auditor's Report

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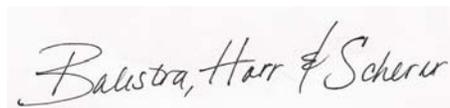
We have audited the accompanying financial statements of the business-type activities, of the Buckeye Joint-County Insurance Council (the Council), Lawrence County, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Council, as of December 31, 2005 and 2004, and the results of its operations and its cash flows 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 October 13, 2006 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion of the internal control over financial reporting 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 5, are not a required part of the basic 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 the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Balestra, Harr & Scherer, CPAs, Inc.
October 13, 2006

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BUCKEYE JOINT-COUNTY INSURANCE COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004

The following discussion provides a summary overview of the financial activities of the Buckeye Joint-County Insurance Council (the "Council"). The information should be read in conjunction with the basic financial statements included in this report.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

- Assets exceeded liabilities on December 31, 2005 by (\$29,738) and on December 31, 2004 by \$61,283.
- Net assets decreased by \$91,021 in 2005 and increased by \$52,958 in 2004.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Council's basic financial statements are the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, the Statement of Cash Flows and the accompanying notes to the financial statements. These statements report information about the Council as a whole and about its activities. The Council is a single enterprise fund using proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. The statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Assets presents the Council's financial position and reports the resources owned by the Council (assets), obligations owed by the Council (liabilities) and Council net assets (the difference between assets and liabilities). It provides a way to measure the financial health of the Council by providing the basis for evaluating the capital structure of the Council and assessing the liquidity and financial flexibility of the Council.

The Statement of Revenues, Expenses, and Changes in Net Assets present a summary of how the Council's net assets changed during the year. Revenue is reported when earned and expenses are reported when incurred. This statement measures the success of the Council's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through user fees.

The Statements of Cash Flows provide information about the Council's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing and financing activities.

The notes to the financial statements provide additional information that is essential for a full understanding of the financial statements.

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004

Financial Analysis of the Council's Financial Position and Results of Operations

Table 1

	2005	2004	Change	2003	Change
<u>Assets</u>					
Cash	\$ 1,683	\$ 15,301	\$ (13,618)	\$ 65,286	\$ (49,985)
Prepaid Bonds and Insurance	-	45,982	(45,982)	18,039	27,943
Member Contributions Receivable	28,067	-	28,067	-	-
Total Assets	29,750	61,283	(31,533)	83,325	(22,042)
<u>Liabilities</u>					
Claim Reserves	-	-	-	25,000	(25,000)
Accounts Payable	59,488	-	59,488	50,000	(50,000)
Total Liabilities	59,488	-	59,488	75,000	(75,000)
<u>Net Assets</u>					
Unrestricted	(29,738)	61,283	(91,021)	8,325	52,958
Total Members' Fund Balance	\$ (29,738)	\$ 61,283	\$ (91,021)	\$ 8,325	\$ 52,958

The Council's Net Assets decreased by \$91,021 (-149%) in 2005 and increased by \$52,958 (636%).

The largest portion of the Council's net assets is reflected in its cash balances. The Council strives to keep adequate cash reserves on hand in order to maintain or expand its facilities to meet the needs of its customers and to comply with regulatory requirements.

For the year ended December 31, 2005, total assets of the Council decreased by \$31,533, and for the year ended December 31, 2004 total assets decreased by \$22,042. Total liabilities of the Council increased by \$59,488 in 2005 and decreased by \$75,000 in 2004 due mainly to changes in accounts payable.

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004

Statement of Revenues, Expenses and Changes in Net Assets

Table 2 below summarizes the changes in Revenues and Expenses and Net Assets.

Table 2

	2005	2004	Change	2003	Change
<u>Revenues</u>					
Member Contributions	\$ 1,073,157	\$ 1,185,760	\$ (112,603)	\$ 1,469,178	\$ (283,418)
Re-Insurance Proceeds	8,047	-	8,047	-	-
Interest Income	588	444	144	834	(390)
Total Revenues	1,081,792	1,186,204	(104,412)	1,470,012	(283,808)
<u>Expenses</u>					
Claims Expense	40,603	35,155	5,448	74,039	(38,884)
Insurance Premiums	1,092,739	1,055,966	36,773	1,565,603	(509,637)
General and Administrative	39,471	42,125	(2,654)	42,496	(371)
Total Expenses	1,172,813	1,133,246	39,567	1,682,138	(548,892)
Change in Net Assets	(91,021)	52,958	(143,979)	(212,126)	265,084
Net Assets, January 1	61,283	8,325	52,958	220,451	(212,126)
Net Assets, December 31	\$ (29,738)	\$ 61,283	\$ (91,021)	\$ 8,325	\$ 52,958

Member contributions decreased by \$112,603 (-9.5%) for 2005, and by \$283,418 (-19.3%) for 2004. Insurance Premiums increased by \$36,773 (3.5%) for 2005, and decreased by \$509,637 (-32.5%) for 2004 mainly due to changes in accounts payable.

Current Financial Related Activities

The Council is a shared risk pool, formed to carry out a cooperative program for the provision and administration of health care benefits for members. The Council is constantly assessing insurance needs of its members and acting to provide these services cost-effectively.

The Council receives and actuarial opinion statement annually assessing the claims liability of the Council.

Contacting the Council's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information contact Fiscal Officer, Buckeye Joint-County Insurance Council, P.O. Box 702, Ironton, Ohio 45638.

**BUCKEYE JOINT - COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY**

**STATEMENTS OF NET ASSETS
DECEMBER 31, 2005 AND 2004**

	2005	2004
Assets		
Cash	\$ 1,683	\$ 15,301
Prepaid Bonds and Insurance	-	45,982
Member Contributions Receivable	28,067	-
<i>Total Assets</i>	29,750	61,283
 Liabilities and Net Assets		
Liabilities		
Accounts Payable	59,488	-
<i>Total Liabilities</i>	59,488	-
 Net Assets		
Unrestricted	(29,738)	61,283
<i>Total Net Assets</i>	(29,738)	61,283
 <i>Total Liabilities and Net Assets</i>	\$ 29,750	\$ 61,283

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

**BUCKEYE JOINT - COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY**

**STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
Operating Revenues		
Member Contributions	\$ 1,073,157	\$ 1,185,760
Re-Insurance Proceeds	8,047	-
<i>Total Operating Revenues</i>	1,081,204	1,185,760
Operating Expenses		
Claims Expense	40,603	35,155
Insurance Premiums	1,092,739	1,055,966
General and Administrative	39,471	42,125
<i>Total Operating Expenses</i>	1,172,813	1,133,246
Operating Gain (Loss)	(91,609)	52,514
Nonoperating Revenues		
Interest	588	444
<i>Total Nonoperating Revenues</i>	588	444
Change in Net Assets	(91,021)	52,958
Net Assets, January 1	61,283	8,325
Net Assets, December 31	\$ (29,738)	\$ 61,283

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

**BUCKEYE JOINT - COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
Cash Flows from Operating Activities		
Cash received from members	\$ 1,099,119	\$ 1,157,817
Cash payments for insurance premiums	(1,033,251)	(1,105,966)
Cash payments for claims expense	(40,603)	(60,155)
Cash payments for general and administrative	(39,471)	(42,125)
Net cash provided by operating activities	(14,206)	(50,429)
Cash Flows from Investing Activities		
Interest Received	588	444
Net cash provided by investing activities	588	444
Net Increase in cash and cash equivalents	(13,618)	(49,985)
Cash and cash equivalents, January 1,	15,301	65,286
Cash and cash equivalents, December 31	1,683	15,301
 Reconciliation of operating loss to net cash provided by operating activities:		
Operating gain (loss)	(91,609)	52,514
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) Decrease in receivables	(28,067)	-
(Increase) Decrease in prepaid bonds & insurance	45,982	(27,943)
Increase (Decrease) in claim reserve	-	(25,000)
Increase (Decrease) in accounts payable	59,488	(50,000)
Net Cash Provided (Used) by Operating Activities	(14,206)	(50,429)

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

**Buckeye Joint-County Insurance Council
Lawrence County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. DESCRIPTION OF THE ENTITY

The Buckeye Joint-County Insurance Council, Lawrence County, Ohio (the Council), a Regional Council of Governments organized under Ohio Revised Code, Chapter 167, was established for the purpose of establishing and carrying out a cooperative insurance purchasing pool. The Council is established for the purpose of exercising the rights and privileges conveyed to it by the Bylaws of the Council.

The Buckeye Joint-County Insurance Council is a legally separate Council. The Council is in a jointly governed organization with member governmental entities. The Council was formed for the primary purpose of establishing and carrying out a cooperative insurance purchasing program for its member governmental entities. The governing board consists of County Commissioners or other designee appointed by each of the members of the Council.

Management believes the financial statements included in this report represent all of the financial activity of the Council over which the Council has the ability to exercise direct operating control.

The Council is an insurance-purchasing pool for property and liability insurance, and members are fully insured by the Ohio Government Risk Management Plan who has full responsibility over claims.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Council also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Council also has the option to apply FASB Statements and Interpretation issued after November 30, 1989, subject to this same limitation. The Council has elected to apply these FASB Statements and Interpretations. The Council's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, 'The Financial Reporting Entity' as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organization that are included to ensure that the basic financial statements of the Council are not misleading. On this basis, no governmental organizations or agencies other than the Council itself are included in the financial reporting entity.

B. Fund Accounting

The Council maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific revenues and expenses. The Council uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing good or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

**Buckeye Joint-County Insurance Council
Lawrence County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial statement presentation purposes, the Council utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The Council's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the Council's operations are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The Council distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from charges to members for insurance premiums, loss fund contributions, claims handling fees and administrative fees. Operating expenses for the Council include the payment of loss and loss adjustment expenses, insurance premiums, administrative fees, claims handling fees, professional fees and miscellaneous expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal non-operating revenue of the Council is investment income.

D. Assets, Liabilities and Net Assets

Cash:

For purposes of reporting cash flows, the Council considers all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt investments purchased with a maturity of three months or less to be cash.

Receivables:

All receivables are shown net of an allowance for uncollectible amounts, as applicable. Receivables in excess of 90 days are evaluated for the ability to collect them and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Net Assets:

Net assets are the excess of revenues over expenses during the period in which the Council has been in existence. If adequate provision has been made for the payment of all claims and expenses of the Council, the Board of Trustees, at its discretion, may distribute surplus funds to members during that particular year, provided that such members are also members in the year in which the distribution is made. In lieu of distributing surplus funds to the members, the Board may carry forward the surplus to offset annual or supplemental payments in the subsequent fiscal year.

In the event the Council is terminated, all members of the Council are obligated for any necessary supplemental payments applicable to the years during which they were members. After all claims and related expenses have been paid or reserves established for the payment of any such claims, any surplus funds will be distributed to members, past or present, who constituted the Council for that fiscal year.

**Buckeye Joint-County Insurance Council
Lawrence County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues and Expenses

Premiums, member and supplemental contributions, claims handling fees and administrative fees:

Premiums are determined based on the member's allocated insurance coverage costs as determined by the Council administrator and are recognized ratably as revenue and related expense over the insurance coverage period.

Member and supplemental contributions are determined based on a formula approved by the Board of Trustees and applied to all members to provide sufficient funds within the insurance pool to adequately fund administrative expenses of the Council and to create adequate reserves for claims and unallocated loss adjustments expense.

Under the terms of the cooperative agreement, should the annual contributions not be sufficient to fund operations or obligations of the Council, additional supplementary payments shall be required to be made by every member based on the formula used to determine the annual contributions.

F. Cash and Investments

The Council maintains one account, which is presented on the Statement of Net Assets as "Equity in Pooled Cash and Cash Equivalents". The Council does not maintain any investments.

G. Budgetary Process

Under Ohio law, the Council is not required to follow a budgetary process and, therefore, no budgetary information is provided in these basic financial statements.

H. Estimates

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

3. CASH AND INVESTMENTS

The Council pools all available cash of the Council for investment purposes.

During fiscal year 2005, deposits maintained by the Council in financial institutions were covered by the Federal Deposit Insurance Corporation or were exposed to custodial credit risk.

At December 31, 2005, the carrying amount of the Council's deposits was \$1,683. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$0 of the Council's bank balance of \$1,683 was exposed to custodial risk as discussed below, while \$1,683 was covered by Federal Deposit Insurance Corporation.

At December 31, 2004, the carrying amount of the Council's deposits was \$15,301. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2004, \$0 of the Council's bank balance of \$1,683 was exposed to custodial risk as discussed below, while \$15,301 was covered by Federal Deposit Insurance Corporation.

The Council had no investments at December 31, 2005 or 2004.

**Buckeye Joint-County Insurance Council
Lawrence County, Ohio**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004**

4. RISK MANAGEMENT

The Buckeye Joint-County Insurance Council is a regional council of government organized under Ohio Revised Code, Chapter 167, for the purpose of establishing and carrying out a cooperative insurance purchasing program. The Council is governed by a Board of Trustees who selects qualified insurance companies that provide the insurance program that is adequate to meet the needs of each member.

As of April 1, 1997 the Council became an insurance purchasing pool for property and liability insurance. The Council contracted with the Ohio Government Risk Management Plan to provide insurance for its members. Each member pays a fee based on their premiums.

5. DEFICIENCY IN NET ASSETS

The Council has incurred net losses resulting in a deficiency in net assets. In accordance with the Council's agreement with the members, the Council has the ability to assess members' additional supplementary payments to fund operations and obligations and will make member assessments as necessary. In the event the Council does not make additional assessments as necessary or reduce insured losses, the Council may not be able to meet future obligations as they occur.

6. CONTINGENCIES

General:

In the normal course of business, the Council is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the financial statements.

Concentration by geographic location and industry:

The Council is exposed to certain risks by writing all its business in the State of Ohio, thus increasing exposure to a single geographic area.

Council membership is limited to counties.

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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*

Buckeye Joint-County Insurance Council
Lawrence County, Ohio
P.O. Box 702
Ironton, Ohio 45638

We have audited the financial statements of the Buckeye Joint-County Insurance Council (the Council), as of and for the years ended December 31, 2005 and 2004 and have issued our report thereon dated October 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

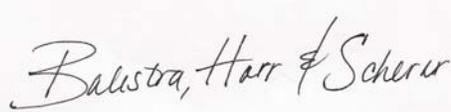
In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal controls over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 and 2005-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider reportable conditions 2005-001 and 2005-003 listed above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2005-001 through 2005-002.

This report is intended solely for the information and use of the audit committee, management and the member of the Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Balestra, Harr & Scherer, CPAs, Inc.

October 13, 2006

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Material Weakness/Noncompliance Citation

Ohio Administrative Code Section 117-2-02(D) states that all public offices may maintain accounting records in a manual or computerized format. The records should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

1. Cash Journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts Ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
3. Appropriations Ledger, which may assemble and classify disbursements or expenditures/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance report, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
4. In addition, all local public offices should maintain or provide a report similar to the following accounting records:
 - b. Member Contributions records including:
 1. Master file of service address, account numbers, billing address, type of services provided, and billing rates;
 2. Accounts receivable ledger for each service type, including for each customer account, the outstanding balance due as of the end of each billing period (with an aging schedule for past due amounts), current usage and billing amount, delinquent or late fees due, payments received and non-cash adjustments, each maintained by date and amount;
 3. Cash receipts records, recording cash received and date received on each account. This information should be used to post payments to individual accounts in the accounts receivable ledger described above.

The Council did not maintain the proper accounting records for 2004 and 2005. The Council should review OAC 117-2-02(D) and place the appropriate accounting system into operation.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUERED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Revised Code Section 167.04 states that the council shall adopt by-laws by a majority vote of its members designating the officers of the council and the method of selection thereof, creating a governing board that may act for the council as provided in such by-laws, and providing for the conduct of its business.

The Council should adopt by-laws by a majority vote of it members, in accordance with Ohio Rev. Code Section 167.04

FINDING NUMBER 2005-003

Material Weakness

The Council should receive monthly financial reports from the Fiscal Officer, and bank reconciliations should be performed monthly and reviewed by the Council.

The Council is not receiving monthly financial reports, and monthly bank reconciliations are not being performed or reviewed.

The Fiscal Officer should prepare monthly bank reconciliations and provide the Council with a copy of these for at least a signature approval. Also we recommend the Fiscal Officer provide the Council with a monthly financial report which includes month and year-to-date receipts and disbursements. The Council should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Council.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number	Planned Corrective Action Plan	Anticipated Completion Date	Responsible Contact Person
2005-001	The Council intends to use the required accounting record.	December 31, 2006	Bernard Kinder, Administrator
2005-002	The Council intends to adopt by-laws.	December 31, 2006	Bernard Kinder, Administrator
2005-003	The Council intends to perform bank reconciliations.	December 31, 2006	Bernard Kinder, Administrator



Mary Taylor, CPA
Auditor of State

BUCKEYE JOINT COUNTY SELF INSURANCE COUNCIL
LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2007