HEALTH CARE BENEFITS PROGRAM OF LAKE COUNTY SCHOOLS COUNCIL

LAKE COUNTY, OHIO

FINANCIAL STATEMENT

JUNE 30, 2006

Mary Taylor, CPA
Auditor of State

Board of Directors
Health Care Benefits Program of
Lake County Schools Council
30 South Park Place, Suite 320
Painesville, Ohio 44077

We have reviewed the *Independent Auditor's Report* of the Health Care Benefits Program of Lake County Schools Council, Lake County, prepared by S.R. Snodgrass, A.C., for the audit period July 1, 2005 through June 30, 2006. 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 Health Care Benefits Program of Lake County Schools Council is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 16, 2007

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HEALTH CARE BENEFITS PROGRAM OF
LAKE COUNTY SCHOOLS COUNCIL
FINANCIAL STATEMENT

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
Health Care Benefits Program of
Lake County Schools Council
30 South Park Place #320
Painesville, OH 44077

We have audited the accompanying financial statements of the Health Care Benefits Program of Lake County Schools Council, Lake County, Ohio (the Program) as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Program'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 financial position of the Program as of June 30, 2006, and the changes in financial position and cash flows 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 August 20, 2007 on our consideration of the Program'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.

Generally accepted accounting principles requires the Program to include Management's Discussion and Analysis for the year ended June 30, 2006. The Program has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

The disclosure of revenue and claims development information as supplemental information has been omitted. Disclosure of the information, which is not considered material to the financial statements taken as a whole, is required by the Governmental Accounting Standards Board.

S.R. Snodgrass A.C.

Mentor, Ohio
August 20, 2007

**HEALTH CARE BENEFITS PROGRAM OF
LAKE COUNTY SCHOOLS COUNCIL
STATEMENT OF NET ASSETS
JUNE 30, 2006**

ASSETS	
Current assets:	
Cash	$ 3,206,924
Investments	2,927,775
Interest receivable - investments	23,474
Accounts receivable - districts	11,799
Total current assets	6,169,972
Capital assets - net	4,858
Total assets	$ 6,174,830
LIABILITIES AND NET ASSETS	
Current liabilities:	
Benefit obligations	$ 2,233,930
Accounts payable	26,885
Total current liabilities	2,260,815
Net assets:	
Unrestricted	
Operating	3,909,157
Invested in capital assets	4,858
Total net assets	3,914,015
Total liabilities and net assets	$ 6,174,830

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

HEALTH CARE BENEFITS PROGRAM OF
LAKE COUNTY SCHOOLS COUNCIL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

Operating revenues:	
Participants' contributions	$ 19,856,050
Operating expenses:	
Benefits paid for participants:	
Medical and dental self-funded claims	12,867,045
Prescription drug self-funded claims	4,049,786
HMO insurance premiums	703,121
Life insurance premiums	296,174
Vision insurance premiums	136,313
Carrier stop loss premiums	55,108
Total benefits paid for participants	18,107,547
Administrative expenses:	
Third party administration fees	1,139,098
Consulting fees	154,985
Program administration fees	31,050
Cobraserve fees	6,843
Miscellaneous fees	12,963
Depreciation	1,850
Total operating expenses	19,454,336
Operating loss	401,714
Non-operating revenues:	
Investment income	195,095
Unrealized (loss) on investments	(64,571)
Total non-operating revenues	130,524
Change in net assets	532,238
Net assets, beginning of year	3,381,777
Net assets, end of year	$ 3,914,015

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

HEALTH CARE BENEFITS PROGRAM OF LAKE COUNTY SCHOOLS COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Cash flows from operating activities:	
Cash received from participants' contributions	$ 19,844,250
Cash paid for participants' benefits	(18,778,581)
Cash paid for administrative expenses	(1,402,590)
Net cash used by operating activities	(336,921)
Cash flows from investing activities:	
Investment income received	195,095
Net cash used by investing activities	195,095
Net decrease in cash	(141,826)
Cash, beginning of year	3,348,750
Cash, end of year	$ 3,206,924

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

HEALTH CARE BENEFITS PROGRAM OF
LAKE COUNTY SCHOOLS COUNCIL
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

Reconciliation of operating loss to net cash used by operating activities:	
Operating gain	$ 401,714
Adustments to reconcile operating loss to net cash used by operataing activities:	
Depreciation	1,850
Changes in operating assets and liabilities:	
Accounts receivable	(11,799)
Prepaid expense	127,017
Benefits obligations	-
Accounts payable	(10,141)
Accrued benefits payable	(845,562)
Total adjustments	(738,635)
Net cash used by operating activities	$ (336,921)

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. DESCRIPTION OF THE ENTITY

The following description of the Health Care Benefits Program (the Program) of Lake County Schools Council (the Council) provides only general information of both the Program and the Council. Participants should refer to the Program and Council Agreements for a more complete description of their provisions.

General – The Council was established on December 6, 1994, formed by the Boards of Education of eleven school districts in northeast Ohio, for the purpose of undertaking a joint program for the provision of health care benefits, undertaking other cooperative programs from time to time, and fostering cooperation among those school districts in all areas of educational service. On October 3, 1995, the Council was formed and operates as a legally separate entity as provided under Ohio Revised Code Chapter 167. In addition, the Council maintains By-laws and each participating member signs an Agreement.

The original eleven members were Auburn Vocational School District, Fairport Harbor Exempted Village School District, Lake County Educational Service Center, Kirtland Local School District, Madison Local School District, Mentor Exempted Village School District, Painesville City School District, Painesville Township Local School District, Perry Local School District, Wickliffe City School District, and Willoughby-Eastlake City School District.

The Health Care Benefits Program is currently the only program offered by the Council to its members. Organizations that are not members of the Council can contract with the Council to participate in the Program.

Board of Directors – The Assembly is the legislative body of the Council. The Assembly and the Board of Directors are one and the same body so that the Assembly is both the legislative and governing body of the Council. The Assembly elects at its annual meeting the officers who consist of Chairman, Vice-Chairman, and Recording Secretary, all of which serve until the next annual meeting. The board of education of each Member appoints its Superintendent or such Superintendent's designee, to be its representative on the Council's Assembly. All of the authority of the Council is exercised by or under the direction of the Board of Directors, the governing body. The Assembly sets and approves all benefit programs to be offered by or through the Program, and all policies and other contracts are accepted or entered into by the Board of Directors. The Board of Directors sets all premiums and other amounts to be paid by the Members, and the Board of Directors has the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

The Board of Directors has the full powers to manage and conduct affairs of the Program between meetings of the Assembly. The Board of Directors is specifically authorized and directed to review and decide all appeals and challenges by employees, their eligible dependents and designated beneficiaries of adverse determinations by the Plan Administrator or care or coverage under benefit programs offered by the Program. The Assembly may ratify any action authorized or taken by the Board or may rescind and overrule any such action.

Fiscal Agent – The Treasurer serves as the Fiscal Agent of the Program and is responsible for administering the financial transactions of the Program. The Lake County Educational Service Center only provides office space for the Program; it has assumed no Fiscal Agent responsibilities. The Fiscal Agent carries out the responsibilities of the Program Fund, enters into contracts on behalf of the Program as authorized by the Directors and carries out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. DESCRIPTION OF THE ENTITY (CONTINUED)

Benefits – Member contributions are used to provide and/or purchase health, dental, life and/or other insurance benefits as provided for in the Program Agreement and as established by law. The Assembly determines the insurance benefits to be provided by or through the Program. Benefit selections may vary among the Program Members for any type of benefit program. The Board of Directors determines, at their discretion, which insurance carriers and policies to utilize to provide benefits pursuant to the Program Agreement.

Enrollment by Members – Each Member decides which benefit program(s) offered by or through the Program shall be extended to its employees. Upon joining the Council, each member can participate in the Health Care Benefit Program. Organizations that are not Members of the Council can contract with the Council to participate in the Program.

Program Fund – The Program Fund consists of all payments made to the Fiscal Agent in accordance with the Program Agreement, policy dividends or rate refunds (whether received by the Program or left with the insurance carriers to accumulate with interest), investments made by the Fiscal Agent and income there from, and any other money or property which shall come into the hands of the Program in connection with the administration of the Program.

The Fiscal Agent may use the Program Fund for purposes such as but not limited to:

1. Paying all expenses which the Directors consider necessary in establishing and administering the Program;
2. Paying premiums of the Program's policies;
3. Making investments in accordance with the Agreement;
4. Making refunds to Program Members; and
5. Providing and/or purchase health insurance, life insurance, dental insurance and/or other insurance benefits.

Investments – The Investment Committee, on behalf of the Council, makes such investments as it may determine in its discretion, provided that such investments conform with investment policy adopted by the Program and limited to investments permitted under Chapter 135 of the Ohio Revised Code for the public monies of school districts.

Termination/Withdrawal of a Council Member – It is the express intention of the Council Members that the Council Agreement and the Council shall continue for an indefinite term, but may be terminated as provided in the Council Agreement. Any Council Member wishing to withdraw from participation in the Council or the Program shall notify the Board of Directors on or before October 15 preceding the first day of the fiscal year the Member will withdraw. Specifics governing the withdrawal of a Program Member and the run out of all claims for such Program Member are addressed in Section 11 of the Program Agreement. The largest participant in the Program, Mentor Exempted Village School District, withdrew from the Program as of May 31, 2005.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. DESCRIPTION OF THE ENTITY (CONTINUED)

Contributions – Each Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such Member, and such contributions are included in the payments from such Member to the Fiscal Agent for the benefit program. Contributions are to be submitted by each Member, to the Fiscal Agent, required under the terms of the Program Agreement and any benefit program in which such Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such Member is enrolled. All general administrative costs incurred by the Program that are not covered by the premium payments shall be shared by the Program Members as approved by the Directors.

2. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity – A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the basic financial statements of the Program are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Program. For the Health Care Benefits Program of Lake County Schools Council, this consists of a single enterprise fund.

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

Basis of Presentation – The financial statements of the Program have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The Program also applies Financial Accounting Standards Board (FASB) Statements and Interpretations unless those pronouncements conflict with or contradict GASB pronouncements.

The Program uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balance set of accounts.

Enterprise fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Capital Assets - Capital assets are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Capital assets consist of a computer system and are being depreciated over five years. Depreciation expense for the current year was $1,850.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Measurement Focus – The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Program are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increase (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Program meets the cash flow needs of its enterprise activity.

Basis of Accounting – The Program's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses recognized when incurred. Specifically, contributions from participants are recognized as income when due from Program members, and benefits paid for participants are recognized when incurred.

Cash Equivalents and Investments – The Program's policy is to treat its investments with maturities of 90 days or less as cash equivalents.

Investments were limited to federal agency obligations and nonnegotiable certificates of deposit. Investments are reported at fair value or at amortized cost, which approximates fair value. Investment income includes interest and dividends and realized and unrealized gains and losses.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Program or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Association had no restricted net assets in 2006.

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Program, these revenues are participants' contributions. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

Estimates – The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. While actual results could differ from those estimated, management does not expect those differences to be significant to the financial statements.

Extraordinary and Special Items – Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Program's Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2006.

3. DEPOSITS AND INVESTMENTS

Deposits – Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. The Program's practice is to place deposits with commercial banks within its service area. At June 30, 2006, the carrying amount of the Program's deposits was $ 3,206,924 which $ 100,000 was covered by Federal depository insurance.

Protection of the remainder of the Program'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.

Investments – The Consortium has adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures. This statement amends GASB Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks.

Investments are reported at fair value. As of June 30, 2006, the Consortium had the following investments:

		Maturity		Fair
	<1	1 -2	3-5	Value
Federal Home Loan Mortgage Corporation	$ -	$ 362,966	$ -	$ 362,966
Federal Home Loan Bank notes	1,105,312	733,399	726,098	2,564,809
Total	$ 1,105,312	$ 1,096,365	$ 726,098	$ 2,927,775

Interest Rate Risk - As a means of limiting its exposure to fair value losses caused by rising interest rates, the Consortium's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the Consortium's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

The Consortium's investment policy requires that investments made must mature within five years, unless they are matched to a separate obligation or debt of the Consortium. The purpose of the investments is to maximize the returns on the Consortium's excess cash balances consistent with safety of these monies and with the desired liquidity of the investments.

Credit Risk -

The Federal Home Loan Bank Bonds carry a rating of AAA by Moody's and Standard and Poor's and Fitch. The Consortium's investment policy limits investments to those authorized by State statute.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Consortium will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Agency notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Consortium's name. The Consortium has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

4. BENEFIT OBLIGATIONS

GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and GASB Statement No. 30, Risk Financing Omnibus – an amendment of GASB Statement No. 10, establish accounting and financial reporting standards for insurance related activities of state and local governmental entities, and requires that actuarial techniques be utilized to estimate any claims liabilities, including those for claims incurred but not reported. The Program has recorded benefit obligations as of June 30, 2006 totaling $ 2,233,930, which includes reported claims not yet paid, claims incurred but not reported and an allowance for claim settlement expenses on these estimated unpaid claims. This amount is actuarially determined using historical trends in the lag between the date a claim is incurred and paid.

Changes in the Program's benefit obligations amount was as follows:

	2006	2005
Balance at beginning of the fiscal year	$ 3,079,492	$ 2,874,558
Current year claims	17,933,019	24,186,943
Claims paid	(18,778,581)	(23,982,009)
Balance at end of the fiscal year	$ 2,233,930	$ 3,079,492

5. CONTINGENCY

The largest participant in the Program, Mentor Exempted Village School District, has opted to withdraw from the Program as of May 31, 2005. The financial effects of this withdrawal have not been determined.

6. RISK MANAGEMENT

The Council is a jointly governed organization, which acts as a government risk pool for health insurance for its 10 members.

The Council employs the services of an outside consultant (Robie Consulting Services) to assist them in administering the Program. The Council also uses Medical Mutual of Ohio, Caremark, Inc., and Express Scripts, Inc. as their third party administrators.

No employer, employee, or person claiming benefit by or through an employee shall have any claim against the Council or any property of the Council. The rights and interest of employees and persons claiming by or through employees shall be limited to benefits offered by or through the Council in accordance with the Program Agreement. The Council purchases or otherwise provides for the benefit of itself, the Directors and/or the Fiscal Agent such liability insurance with such limits of coverage deemed necessary and as approved by the Board of Directors. The aggregate claims liability of the Council shall not exceed one hundred twenty-five percent (125%) of expected claims.

Any Program Member who withdraws from the Council pursuant to the Program Agreement has no claim to the Council's assets.

It is not necessary for each member district of the Council to prepare a Governmental Accounting Standards Board (GASB) report. The Council holds all reserves including Incurred But Not Reported (IBNR), Shock, Stabilization, and Fluctuation reserves. However, these reserves are allocated to members on a capitated basis for accounting purposes.

6. RISK MANAGEMENT (CONTINUED)

The Health Care Benefits Program of Lake County Schools Council is self insured for member district employee health insurance claims but maintains aggregate stop loss insurance with Medical Mutual of Ohio. The Self Insurance Fund pays covered claims to service providers and recovers these costs from premium charges to member districts based on calculations provided by the Council's consultant (Burns Consulting Associates, Inc.). An estimate June 30, 2006 loss reserves estimated by the Council's actuary are as follows:

IBNR Reserve	$ 2,233,930
Fluctuation Reserve	3,035,210
Total Reserve Funds	$ 5,269,140

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006, was as follows:

	June 30, 2005	Additions	Deletions	June 30, 2006
Computers	$ 9,249	$ -	$ -	$ 9,249
Depreciation	(2,541)	(1,850)	-	(4,391)
Computers - Net	$ 6,708	$ (1,850)	$ -	$ 4,858

SNODGRASS
Certified Public Accountants
and 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 Directors of
Health Care Benefits Program of
Lake County Schools Council
30 South Park Place #320
Painesville, OH 44077

We have audited the accompanying financial statements of the Health Care Benefits Program of Lake County Schools Council, Lake County, Ohio (the Program) as of and for the year ended June 30, 2006, which collectively comprise the Program's basic financial statements and have issued our report thereon dated August 20, 2007. Management's Discussion and Analysis and supplemental information and disclosure of revenue and claims development information was omitted. 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 Health Care Benefits Program of Lake County Schools 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Program in a separate letter dated August 20, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health Care Benefits Program of Lake County Schools 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 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 management and the Board of Directors, and is not intended to be and should not be used by anyone other than those specified parties.

S. R. Snodgrass A.C.

Mentor, Ohio
August 20, 2007

S.R. Snodgrass, A.C. • 5840 Heisley Road • Mentor, Ohio 44060-1856 • Phone:(440) 352-3949/951-2451 • Facsimile: (440) 352-9314

Mary Taylor, CPA
Auditor of State

HEALTH CARE BENEFITS PROGRAM OF LAKE COUNTY SCHOOLS COUNCIL

LAKE 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
NOVEMBER 8, 2007

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