

***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***

LORAIN COUNTY

AUDIT REPORT

For the Years Ended December 31, 2010 and 2009



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees, Lorain County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 1, 2011

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**JOINT INSURANCE HEALTH PLAN TRUST FOR THE BENEFIT
OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
For the Year Ended December 31, 2010 and 2009**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

**Joint Insurance Health Plan Trust for the
Benefit of North Ridgeville City School Employees
(A Component Unit of North Ridgeville City School District)
Lorain County
10045 College Park Drive
Concord, Ohio 44060**

To the Board of Directors:

We have audited the financial statements of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School Employees, Lorain County, Ohio, (the Trust), as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. 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 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 Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School Employees, Lorain County, Ohio, as of December 31, 2010 and 2009, and the results of its operations and 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 a report dated April 15, 2011, on our consideration of the Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on 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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

April 15, 2011

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 (MD&A)
FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010. Please read this in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash and investment balance for the Trust was \$817,208, \$1,289,732 and \$976,495 as of January 1, 2010, 2009 and 2008, respectively.
- The January 1, 2010 – December 31, 2010 budget was set at \$4,216,000 and was fully funded. The January 1, 2009 – December 31, 2009 budget was set at \$3,463,816 and was fully funded. The January 1, 2008 to December 31, 2008 budget was set at \$3,659,000 and was fully funded. The budget is determined by the actuary; however, trustees, at times, have elected to adjust the budget based on financial constraints and current facts and circumstances.
- Large medical claims (those in excess of \$10,000) incurred for the period January 1, 2010 to December 31, 2010 represented 65.2% of medical claims and totaled \$1,504,614. January 1, 2009 to December 31, 2009 represented 69% of medical claims and totaled \$1,646,060 and for the year January 1, 2008 to December 31, 2008 represented 54% of medical claims and totaled \$945,805.
- The Trustees elected to make benefit modifications to fully fund the 2010 budget. The pharmacy co-pay changed from \$5/\$15/\$20 to \$15/\$30/\$40 for retail and \$10/\$30/\$40 to \$30/\$60/\$80 for mail-order with an estimated savings of \$250,000. In addition, a HMO medical plan was made available to employees as an alternative to the PPO plan with an estimated savings of \$6,000. No changes were made to the 2010 payroll contributions.

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
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010, 2009 and 2008

The Trust's equity increased by \$44,353 for the year ended December 31, 2010. A portion of the equity is restricted for funding of the run-out-reserve.

	December 31, 2010	December 31, 2009	December 31, 2008
Current and other assets	\$ 752,870	\$ 851,197	\$ 1,321,497
TOTAL ASSETS	\$ 752,870	\$ 851,197	\$ 1,321,497
Current liabilities	\$ 679,860	\$ 822,540	\$ 1,277,233
TOTAL LIABILITIES	\$ 679,860	\$ 822,540	\$ 1,277,233
Restricted fund equity	\$ 923,000	\$ 723,000	\$ 790,000
Unrestricted fund equity(deficit)	\$ (849,990)	\$ (694,343)	\$ (745,736)
TOTAL FUND EQUITY	\$ 73,010	\$ 28,657	\$ 44,264

COMMENTS ON BUDGET COMPARISONS

- The Trust's total revenue for the fiscal year ended December 31, 2010 was \$3,982,976, \$3,950,995, and \$3,554,842 for the years ended December 31, 2010, 2009 and 2008, respectively.
- The Trust's total expenses were \$3,944,969, \$3,971,201, and \$3,559,744 for the years ended December 31, 2010, 2009 and 2008 respectively.
- The Trust's actual 2010 expenses exceeded the budget due to higher enrollment than projected and the payment of the 2009 Medical Mutual access fee settlement. With the Medical Mutual "stimulus package" the access fees are no longer separated from the administrative expenses.

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 (MD&A)
FOR THE YEAR ENDED DECEMBER 31, 2010

The following table presents a summary of operating revenue and expense for the fiscal year ended December 31, 2010, 2009 and 2008 respectively.

REVENUES	2010	2009	2008
Contributions:			
Employer	\$ 3,281,000	\$ 2,864,616	\$ 2,959,800
Participant	608,509	599,200	580,944
Cost-sharing savings contributed in 2009	93,432	483,503	-
COBRA	35	3,667	14,098
Miscellaneous	-	9	-
TOTAL REVENUE	3,982,976	3,950,995	3,554,842
EXPENSES			
Medical claims	2,391,576	2,194,920	1,764,013
Dental claims	188,759	196,175	200,585
Vision claims	22,752	25,825	24,425
Prescription claims	795,029	962,832	768,030
Medical stop-loss	265,046	244,357	218,559
Flu Shots	-	5,154	5,709
Accounting	8,975	10,835	10,341
Actuarial	28,111	44,775	18,520
Trust management	22,640	22,867	21,536
Legal fees	3,544	3,511	5,110
Bank fees	7,541	8,420	8,605
Insurance	1,599	1,599	1,580
Miscellaneous	10,219	-	-
Medical administration	167,498	210,231	199,998
Vision administration	8,338	8,963	8,703
Dental administration	18,312	21,924	21,313
Prescription administration	5,030	8,813	8,395
Cost savings-sharing expense	-	-	274,322
TOTAL OPERATING EXPENSES	3,944,969	3,971,201	3,559,744
OPERATING GAIN/(LOSS)	38,007	(20,206)	(4,902)
OTHER REVENUE - INVESTMENT INCOME	6,346	4,599	24,712
NET CHANGE IN FUND EQUITY	44,353	(15,607)	19,810
FUND EQUITY - BEGINNING OF YEAR	\$ 28,657	\$ 44,264	\$ 24,454
FUND EQUITY - END OF YEAR	\$ 73,010	\$ 28,657	\$ 44,264

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 412,610	\$ 576,105
Investments, at fair value	302,864	241,103
Prepaid expenses	<u>37,396</u>	<u>33,989</u>
TOTAL ASSETS	\$ <u><u>752,870</u></u>	\$ <u><u>851,197</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 28,073	\$ 126,821
Cost savings-sharing payable	213,187	306,619
Liability for incurred but not reported claims	<u>438,600</u>	<u>389,100</u>
TOTAL LIABILITIES	\$ 679,860	\$ 822,540
FUND EQUITY (DEFICIT)		
Restricted	\$ 923,000	\$ 723,000
Unrestricted	<u>(849,990)</u>	<u>(694,343)</u>
TOTAL FUND EQUITY	\$ <u><u>73,010</u></u>	\$ <u><u>28,657</u></u>
TOTAL LIABILITIES & FUND EQUITY	\$ <u><u>752,870</u></u>	\$ <u><u>851,197</u></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 REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Contributions:		
Employer	\$ 3,281,000	\$ 2,864,616
Employees	608,509	599,200
Cost-sharing savings from prior year contributed to 2010	93,432	483,503
COBRA	35	3,667
Miscellaneous	<u>-</u>	<u>9</u>
 TOTAL REVENUES	 3,982,976	 3,950,995
 EXPENSES		
Medical claims	2,391,576	2,194,920
Dental claims	188,759	196,175
Vision claims	22,752	25,825
Prescription claims	795,029	962,832
Medical stop-loss	265,046	244,357
Flu shots	-	5,154
Accounting	8,975	10,835
Actuarial	28,111	44,775
Trust management	22,640	22,867
Legal fees	3,544	3,511
Bank fees	7,541	8,420
Insurance	1,599	1,599
Miscellaneous	10,219	-
Medical administration	167,498	210,231
Vision administration	8,338	8,963
Dental administration	18,312	21,924
Prescription administration	<u>5,030</u>	<u>8,813</u>
 TOTAL OPERATING EXPENSES	 <u>3,944,969</u>	 <u>3,971,201</u>
 OPERATING GAIN/ (LOSS)	 38,007	 (20,206)
 OTHER REVENUE - INVESTMENT INCOME	 <u>6,346</u>	 <u>4,599</u>
 NET CHANGE IN FUND EQUITY	 44,353	 (15,607)
 FUND EQUITY - BEGINNING OF YEAR	 \$ <u>28,657</u>	 \$ <u>44,264</u>
 FUND EQUITY - END OF YEAR	 \$ <u><u>73,010</u></u>	 \$ <u><u>28,657</u></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
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash contributions received from employer	\$ 3,281,000	\$ 2,864,616
Cash contributions received from employees	608,509	599,200
Cash received for COBRA premiums	35	3,667
Cash payments for benefit plan claims	(3,618,949)	(3,619,280)
Cash payments for benefit providers' administration fees	(283,667)	(243,217)
Cash payments for plan administration and operating expenses	<u>(95,008)</u>	<u>(82,108)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(108,080)</u>	<u>(477,122)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	6,346	4,599
Purchases of U.S. Treasury Notes	(302,864)	(241,104)
Proceeds from bond sales	<u>241,103</u>	<u>233,704</u>
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>(55,415)</u>	<u>(2,801)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(163,495)	(479,923)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>576,105</u>	<u>1,056,028</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 412,610</u>	<u>\$ 576,105</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income /(loss)	\$ 38,007	\$ (20,206)
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Changes in assets and liabilities:		
Prepaid expenses	(3,407)	(2,224)
Accounts payable	(98,748)	20,810
Cost savings-sharing payable	(93,432)	(483,502)
Liability for incurred but not reported claims	<u>49,500</u>	<u>8,000</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (108,080)</u>	<u>\$ (477,122)</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, 2010 and 2009

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 (the “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 (the “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 (the “Unions”). The District reports that 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 to 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.

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, 2010 and 2009.

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
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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, 2009 financial statements have been reclassified to conform to the December 31, 2010 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 \$250,000.

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, 2010 and 2009, the carrying amount of the Trust's deposits was \$412,610 and \$576,105, 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, 2010 and 2009 this calculated reserve amount was \$923,000 and \$723,000, 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 in the fund equity section of the balance sheet.

The required balance in the run-out reserve is an amount equal to the incurred but unreported claims liability as calculated by the actuary.

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, 2010 and 2009

Concentration of Credit Risk

The Trust is insured through Travelers Property Casualty for employee dishonestly 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, 2010 and 2009 are 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 year ended December 31, 2010 and 2009, the cost-savings calculation resulted in expenses being greater than revenue in the amount of \$93,432 and \$483,503, respectively. For the year ended 2008, the cost-savings calculation resulted in an amount distributable to the employees and the District. The trustees may elect, on behalf of the employees, to reduce the following year's cost-sharing by their distributable amount. In February 2009, the trustees passed a motion to transfer \$95,500 of the 2008 excess to fully fund the insurance reserve. In addition, approximately \$75,000 of the excess was used to pay the 2008 access fee due in 2008 and \$103,500 was used to fund future benefit obligations.

NOTE 3 – INVESTMENTS

Significant investment disclosures required by the Governmental Accounting Standards Board follow:

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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, 2010 and 2009

Interest Rate Risk

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

Credit Risk

The Trust follows the Ohio Revised Code that limits the investment choices.

Concentration of Credit Risk

The Trust places no limit on the amount that may be invested in any one issuer.

The following table presents investments at market value as of December 31, 2010 and 2009. 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.

	2010	2009
U.S. Treasury Notes		
1.000% due 3/31/2012	\$ 50,385	
1.000% due 4/30/2012	50,402	
1.375% due 3/15/2013	50,734	
1.750% due 4/15/2013	51,149	
3.500% due 2/15/2010		\$ 40,153
1.750% due 3/31/2010		50,196
2.000% due 9/30/2010		50,594
0.875% due 3/31/2011	50,080	50,094
0.875% due 4/30/2011	50,114	50,066
	<u>50,114</u>	<u>50,066</u>
 Total Investments	 <u>\$ 302,864</u>	 <u>\$ 241,103</u>

NOTE 4 – 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.

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, 2010 and 2009

	2010	2009
Unpaid claims and claim adjustment expenses at beginning of year	\$ 413,513	\$ 405,856
Incurred claims and claim adjustment expenses:		
Provision for insured event of current year	3,836,716	3,768,852
Total incurred claims and claim adjustment expenses	4,250,229	4,174,708
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	3,372,633	3,355,339
Claims and claim adjustment expenses attributable to insured events of prior years	413,513	405,856
Total payments	3,786,146	3,761,195
Total unpaid claims and claim adjustment expenses at end of year (see schedule below)	<u>\$ 464,083</u>	<u>\$ 413,513</u>
Schedule of unpaid claims and claim adjustment expenses at end of year:		
Portion of accounts payable that relates to claims expenses	\$ 25,483	\$ 24,413
Liability of incurred but not reported claims	438,600	389,100
	<u>\$ 464,083</u>	<u>\$ 413,513</u>

NOTE 5 – 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.

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Joint Insurance Health Plan Trust for the
Benefit of North Ridgeville City School Employees
(A Component Unit of North Ridgeville City School District)
Lorain County
10045 College Park Drive
Concord, Ohio 44060

To the Board of Trustees:

We have audited the financial statements of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School Employees, Lorain County, Ohio, (the Trust) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 15, 2011. 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 Controls Over Financial Reporting

In planning and performing our audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Trust's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Trust's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the Trust. We intend it for no one other than these specified parties.

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.

April 15, 2011

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Dave Yost • Auditor of State

**JOINT INSURANCE HEALTH PLAN TRUST FOR THE BENEFIT OF NORTH RIDGEVILLE CSD
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
JUNE 14, 2011**